

## REVISED BUSINESS TAXES SUGGESTED BY MORGENTHAU AT HOUSE HEARING

Hints He Does Not Object  
to Repeal of Undistrib-  
uted Profits Levy but  
Thinks It Has Had Little  
Effect.

## MAJOR TASK TO PROMOTE RECOVERY

Proposes Re-examin-  
ing Capital Stock Assess-  
ments and System of  
Computing Profits and  
Loss for Tax Purposes.

WASHINGTON, May 27 (AP).—Secretary of the Treasury Morgenthau directed "serious" congressional attention today toward striking from the tax laws "any manifest inequities or other defects" in the interest of promoting "lasting business recovery."

Naming a "balanced budget" as the fundamental objective of sound financing, the Secretary told the House Ways and Means Committee that tax changes must not reduce federal revenue.

Included among tax features outlined for "re-examination" at this session were the controversial undistributed profits tax, the capital stock tax and the computation of profits and losses for tax purposes.

"International Crisis." In his 2000 word prepared statement, Morgenthau urged consideration of the "present international crisis" and its "unmistakable implication . . . that we should give serious consideration to the strength of our financial position and redouble our efforts to attain full recovery."

"We must demonstrate that a democratic government has the power and the flexibility to survive prolonged crisis and chaotic conditions with the strength of its free institutions unimpaired," Morgenthau continued.

Morgenthau outlined a fiscal program with a fourfold objective: (1) Promotion of free enterprise and private investment; (2) attainment of full business recovery; (3) maintenance of our public finances in a sound and unassailable position; and (4) a just distribution of tax burdens and a more equitable distribution of national income.

Placing his suggestions in three categories, Morgenthau testified the undistributed profits tax "produces little revenue and has little effect on business."

He said the tax in its present form does not attain the objective of preventing tax avoidance and had acquired prominence as a "psychological irritant largely because of the widespread and emotional criticism which has been directed against it."

Tax Exempt Securities. Morgenthau renewed the administration's advocacy of removing the tax exemption from Government securities. If this were done he said, it would be "fair and logical to re-examine the question of whether the present surtax rates on very large incomes are not so high that they discourage the limited number of individuals subject to them from taking normal business risks."

These two questions—tax exempt securities and surtax rates in the higher brackets—should be considered together, the Secretary said, adding that "tax exemption of securities is highly inequitable and tends to nullify our progressive surtax rates."

Another question he suggested for re-examination in present income tax laws for carrying over net business losses to be deducted from business profits of future years.

Morgenthau said profits or losses of each year now were considered without reference to those of any other year and, in consequence, a business with alternating profit and loss "now pays higher taxes over a period of years than does a business with stable profits, although the average income of the two firms may be equal."

The present capital stock tax and the related excess profits tax, he continued on Page 5, Column 4.

## DEBUNKER PUTS ON "BATTLE" TO TEST BUNKER HILL ORDER

Proves 'Whites of Their Eyes'  
Command Was Bad, but He  
Uses Wrong Hill.

BOSTON, May 27 (AP).—Jim Moran, a skeptical debunker from Texas, arranged a re-enactment of the Battle of Bunker Hill yesterday to test the value of the order reputedly given to the embattled Colonial militiamen of 1775—"Don't shoot till you see the whites of their eyes."

He hired his "soldiers" for \$4 a day. A curious crowd watched the curious assortment of far-sighted men, near-sighted men, cross-eyed men, pink-eyed men. For two hours the army "fought," and when it was all over Moran was elated. "The only Yankee to survive," he said, "was that far-sighted one. He picked off a Britisher at 75 feet."

The near-sighted ones, he contended, had their ears cut off by the Redcoats' bayonets before they even got a glimpse of the whites of any eyes.

Then debunkers of the debunker moved in on Moran. They pointed out that he re-enacted the battle on the wrong hill, because the Battle of Bunker Hill really was fought on Breed's Hill, nearby.

## KATY FLYER IS DERAILED NEAR RHINELAND; TWO HURT

Engineer, Fireman Taken to Hospital;  
Coaches Remain Upright,  
No Passengers Injured.

The Katy Flyer, fast passenger train of the Missouri, Kansas and Texas Railroad, was derailed early today near Rhineland, Mo., about 100 miles west of St. Louis, in Montgomery County.

The fireman, Richard Snell of Franklin, was seriously scalded and the engineer, F. M. Truitt, also of Franklin, slightly hurt as the engine turned over on its side. They were taken to St. Mary's Hospital in Jefferson City.

The four baggage cars, chair car and sleeper remained upright. No passengers were injured. Officers of the company said today the causes of the wreck had not yet been determined. The train had left Parsons, Kan., last night and was due in St. Louis at 7:30 o'clock this morning.

## NEW ANTHRACITE CONTRACT PROVIDES FOR UNION SHOP

Terms of Agreement Between Oper-  
ators and United Mine Work-  
ers Make Public.

NEW YORK, May 27 (AP).—The union shop clause was written into the new contract between the United Mine Workers of America (U. M. W.) and the anthracite operators (CIO) and the anthracite operators, it was disclosed today when terms of the contract were made public by the joint committee.

## THUNDERSTORMS LATE TODAY; FAIR AND COOLER TOMORROW

THE TEMPERATURES.  
1 a. m. 69 9 a. m. 72  
2 a. m. 70 10 a. m. 75  
3 a. m. 72 11 a. m. 78  
4 a. m. 74 12 m. 81  
5 a. m. 77 1 p. m. 84  
6 a. m. 80 2 p. m. 87  
7 a. m. 83 3 p. m. 90  
8 a. m. 86 4 p. m. 93  
9 a. m. 89 5 p. m. 96  
10 a. m. 92 6 p. m. 99  
11 a. m. 95 7 p. m. 102  
12 m. 98 8 p. m. 105  
1 p. m. 101 9 p. m. 108  
2 p. m. 104 10 p. m. 111  
3 p. m. 107 11 p. m. 114  
4 p. m. 110 12 m. 117  
5 p. m. 113 1 a. m. 120  
6 p. m. 116 2 a. m. 123  
7 p. m. 119 3 a. m. 126  
8 p. m. 122 4 a. m. 129  
9 p. m. 125 5 a. m. 132  
10 p. m. 128 6 a. m. 135  
11 p. m. 131 7 a. m. 138  
12 m. 134 8 a. m. 141  
1 a. m. 144 9 a. m. 147  
2 a. m. 150 10 a. m. 153  
3 a. m. 156 11 a. m. 159  
4 a. m. 162 12 m. 165  
5 a. m. 168 1 p. m. 171  
6 a. m. 174 2 p. m. 177  
7 a. m. 180 3 p. m. 183  
8 a. m. 186 4 p. m. 189  
9 a. m. 192 5 p. m. 195  
10 a. m. 198 6 p. m. 201  
11 a. m. 204 7 p. m. 207  
12 m. 210 8 p. m. 213  
1 p. m. 216 9 p. m. 219  
2 p. m. 222 10 p. m. 225  
3 p. m. 228 11 p. m. 229  
4 p. m. 234 12 m. 231  
5 p. m. 237 1 a. m. 234  
6 p. m. 240 2 a. m. 237  
7 p. m. 243 3 a. m. 240  
8 p. m. 246 4 a. m. 243  
9 p. m. 249 5 a. m. 246  
10 p. m. 252 6 a. m. 249  
11 p. m. 255 7 a. m. 252  
12 m. 258 8 a. m. 255  
1 a. m. 261 9 a. m. 258  
2 a. m. 264 10 a. m. 261  
3 a. m. 267 11 a. m. 264  
4 a. m. 270 12 m. 267  
5 a. m. 273 1 p. m. 270  
6 a. m. 276 2 p. m. 273  
7 a. m. 279 3 p. m. 276  
8 a. m. 282 4 p. m. 279  
9 a. m. 285 5 p. m. 282  
10 a. m. 288 6 p. m. 285  
11 a. m. 291 7 p. m. 288  
12 m. 294 8 p. m. 291  
1 p. m. 297 9 p. m. 294  
2 p. m. 300 10 p. m. 297  
3 p. m. 303 11 p. m. 300  
4 p. m. 306 12 m. 303  
5 p. m. 309 1 a. m. 306  
6 p. m. 312 2 a. m. 309  
7 p. m. 315 3 a. m. 312  
8 p. m. 318 4 a. m. 315  
9 p. m. 321 5 a. m. 318  
10 p. m. 324 6 a. m. 321  
11 p. m. 327 7 a. m. 324  
12 m. 330 8 a. m. 327  
1 a. m. 333 9 a. m. 330  
2 a. m. 336 10 a. m. 333  
3 a. m. 339 11 a. m. 336  
4 a. m. 342 12 m. 339  
5 a. m. 345 1 p. m. 342  
6 a. m. 348 2 p. m. 345  
7 a. m. 351 3 p. m. 348  
8 a. m. 354 4 p. m. 351  
9 a. m. 357 5 p. m. 354  
10 a. m. 360 6 p. m. 357  
11 a. m. 363 7 p. m. 360  
12 m. 366 8 p. m. 363  
1 p. m. 369 9 p. m. 366  
2 p. m. 372 10 p. m. 369  
3 p. m. 375 11 p. m. 372  
4 p. m. 378 12 m. 375  
5 p. m. 381 1 a. m. 378  
6 p. m. 384 2 a. m. 381  
7 p. m. 387 3 a. m. 384  
8 p. m. 390 4 a. m. 387  
9 p. m. 393 5 a. m. 390  
10 p. m. 396 6 a. m. 393  
11 p. m. 399 7 a. m. 396  
12 m. 402 8 a. m. 399  
1 a. m. 405 9 a. m. 402  
2 a. m. 408 10 a. m. 405  
3 a. m. 411 11 a. m. 408  
4 a. m. 414 12 m. 411  
5 a. m. 417 1 p. m. 414  
6 a. m. 420 2 p. m. 417  
7 a. m. 423 3 p. m. 420  
8 a. m. 426 4 p. m. 423  
9 a. m. 429 5 p. m. 426  
10 a. m. 432 6 p. m. 429  
11 a. m. 435 7 p. m. 432  
12 m. 438 8 p. m. 435  
1 a. m. 441 9 p. m. 438  
2 a. m. 444 10 p. m. 441  
3 a. m. 447 11 p. m. 444  
4 a. m. 450 12 m. 447  
5 a. m. 453 1 p. m. 450  
6 a. m. 456 2 p. m. 453  
7 a. m. 459 3 p. m. 456  
8 a. m. 462 4 p. m. 459  
9 a. m. 465 5 p. m. 462  
10 a. m. 468 6 p. m. 465  
11 a. m. 471 7 p. m. 468  
12 m. 474 8 p. m. 471  
1 a. m. 477 9 p. m. 474  
2 a. m. 480 10 p. m. 477  
3 a. m. 483 11 p. m. 480  
4 a. m. 486 12 m. 483  
5 a. m. 489 1 p. m. 486  
6 a. m. 492 2 p. m. 489  
7 a. m. 495 3 p. m. 492  
8 a. m. 498 4 p. m. 495  
9 a. m. 501 5 p. m. 498  
10 a. m. 504 6 p. m. 501  
11 a. m. 507 7 p. m. 504  
12 m. 510 8 p. m. 507  
1 a. m. 513 9 p. m. 510  
2 a. m. 516 10 p. m. 513  
3 a. m. 519 11 p. m. 516  
4 a. m. 522 12 m. 519  
5 a. m. 525 1 p. m. 522  
6 a. m. 528 2 p. m. 525  
7 a. m. 531 3 p. m. 528  
8 a. m. 534 4 p. m. 531  
9 a. m. 537 5 p. m. 534  
10 a. m. 540 6 p. m. 537  
11 a. m. 543 7 p. m. 540  
12 m. 546 8 p. m. 543  
1 a. m. 549 9 p. m. 546  
2 a. m. 552 10 p. m. 549  
3 a. m. 555 11 p. m. 552  
4 a. m. 558 12 m. 555  
5 a. m. 561 1 p. m. 558  
6 a. m. 564 2 p. m. 561  
7 a. m. 567 3 p. m. 564  
8 a. m. 570 4 p. m. 567  
9 a. m. 573 5 p. m. 570  
10 a. m. 576 6 p. m. 573  
11 a. m. 579 7 p. m. 576  
12 m. 582 8 p. m. 579  
1 a. m. 585 9 p. m. 582  
2 a. m. 588 10 p. m. 585  
3 a. m. 591 11 p. m. 588  
4 a. m. 594 12 m. 591  
5 a. m. 597 1 p. m. 594  
6 a. m. 600 2 p. m. 597  
7 a. m. 603 3 p. m. 600  
8 a. m. 606 4 p. m. 603  
9 a. m. 609 5 p. m. 606  
10 a. m. 612 6 p. m. 609  
11 a. m. 615 7 p. m. 612  
12 m. 618 8 p. m. 615  
1 a. m. 621 9 p. m. 618  
2 a. m. 624 10 p. m. 621  
3 a. m. 627 11 p. m. 624  
4 a. m. 630 12 m. 627  
5 a. m. 633 1 p. m. 630  
6 a. m. 636 2 p. m. 633  
7 a. m. 639 3 p. m. 636  
8 a. m. 642 4 p. m. 639  
9 a. m. 645 5 p. m. 642  
10 a. m. 648 6 p. m. 645  
11 a. m. 651 7 p. m. 648  
12 m. 654 8 p. m. 651  
1 a. m. 657 9 p. m. 654  
2 a. m. 660 10 p. m. 657  
3 a. m. 663 11 p. m. 660  
4 a. m. 666 12 m. 663  
5 a. m. 669 1 p. m. 666  
6 a. m. 672 2 p. m. 669  
7 a. m. 675 3 p. m. 672  
8 a. m. 678 4 p. m. 675  
9 a. m. 681 5 p. m. 678  
10 a. m. 684 6 p. m. 681  
11 a. m. 687 7 p. m. 684  
12 m. 690 8 p. m. 687  
1 a. m. 693 9 p. m. 690  
2 a. m. 696 10 p. m. 693  
3 a. m. 699 11 p. m. 696  
4 a. m. 702 12 m. 699  
5 a. m. 705 1 p. m. 702  
6 a. m. 708 2 p. m. 705  
7 a. m. 711 3 p. m. 708  
8 a. m. 714 4 p. m. 711  
9 a. m. 717 5 p. m. 714  
10 a. m. 720 6 p. m. 717  
11 a. m. 723 7 p. m. 720  
12 m. 726 8 p. m. 723  
1 a. m. 729 9 p. m. 726  
2 a. m. 732 10 p. m. 729  
3 a. m. 735 11 p. m. 732  
4 a. m. 738 12 m. 735  
5 a. m. 741 1 p. m. 738  
6 a. m. 744 2 p. m. 741  
7 a. m. 747 3 p. m. 744  
8 a. m. 750 4 p. m. 747  
9 a. m. 753 5 p. m. 750  
10 a. m. 756 6 p. m. 753  
11 a. m. 759 7 p. m. 756  
12 m. 762 8 p. m. 759  
1 a. m. 765 9 p. m. 762  
2 a. m. 768 10 p. m. 765  
3 a. m. 771 11 p. m. 768  
4 a. m. 774 12 m. 771  
5 a. m. 777 1 p. m. 774  
6 a. m. 780 2 p. m. 777  
7 a. m. 783 3 p. m. 780  
8 a. m. 786 4 p. m. 783  
9 a. m. 789 5 p. m. 786  
10 a. m. 792 6 p. m. 789  
11 a. m. 795 7 p. m. 792  
12 m. 798 8 p. m. 795  
1 a. m. 801 9 p. m. 798  
2 a. m. 804 10 p. m. 801  
3 a. m. 807 11 p. m. 804  
4 a. m. 810 12 m. 807  
5 a. m. 813 1 p. m. 810  
6 a. m. 816 2 p. m. 813  
7 a. m. 819 3 p. m. 816  
8 a. m. 822 4 p. m. 819  
9 a. m. 825 5 p. m. 822  
10 a. m. 828 6 p. m. 825  
11 a. m. 831 7 p. m. 828  
12 m. 834 8 p. m. 831  
1 a. m. 837 9 p. m. 834  
2 a. m. 840 10 p. m. 837  
3 a. m. 843 11 p. m. 840  
4 a. m. 846 12 m. 843  
5 a. m. 849 1 p. m. 846  
6 a. m. 852 2 p. m. 849  
7 a. m. 855 3 p. m. 852  
8 a. m. 858 4 p. m. 855  
9 a. m. 861 5 p. m. 858  
10 a. m. 864 6 p. m. 861  
11 a. m. 867 7 p. m. 864  
12 m. 870 8 p. m. 867  
1 a. m. 873 9 p. m. 870  
2 a. m. 876 10 p. m. 873  
3 a. m. 879 11 p. m. 876  
4 a. m. 882 12 m. 879  
5 a. m. 885 1 p. m. 882  
6 a. m. 888 2 p. m. 885  
7 a. m. 891 3 p. m. 888  
8 a. m. 894 4 p. m. 891  
9 a. m. 897 5 p. m. 894  
10 a. m. 900 6 p. m. 897  
11 a. m. 903 7 p. m. 900  
12 m. 906 8 p. m. 903  
1 a. m. 909 9 p. m. 906  
2 a. m. 912 10 p. m. 909  
3 a. m. 915 11 p. m. 912  
4 a. m. 918 12 m. 915  
5 a. m. 921 1 p. m. 918  
6 a. m. 924 2 p. m. 921  
7 a. m. 927 3 p. m. 924  
8 a. m. 930 4 p. m. 927  
9 a. m. 933 5 p. m. 930  
10 a. m. 936 6 p. m. 933  
11 a. m. 939 7 p. m. 936  
12 m. 942 8 p. m. 939  
1 a. m. 945 9 p. m. 942  
2 a. m. 948 10 p. m. 945  
3 a. m. 951 11 p. m. 948  
4 a. m. 954 12 m. 951  
5 a. m. 957 1 p. m. 954  
6 a. m. 960 2 p. m. 957  
7 a. m. 963 3 p. m. 960  
8 a. m. 966 4 p. m. 963  
9 a. m. 969 5 p. m. 966  
10 a. m. 972 6 p. m. 969  
11 a. m. 975 7 p. m. 972  
12 m. 978 8 p. m. 975  
1 a. m. 981 9 p. m. 978  
2 a. m. 984 10 p. m. 981  
3 a. m. 987 11 p. m. 984  
4 a. m. 990 12 m. 987  
5 a. m. 993 1 p. m. 990  
6 a. m. 996 2 p. m. 993  
7 a. m. 999 3 p. m. 996  
8 a. m. 1002 4 p. m. 999  
9 a. m. 1005 5 p. m. 1002  
10 a. m. 1008 6 p. m. 1005  
11 a. m. 1011 7 p. m. 1008  
12 m. 1014 8 p. m. 1011  
1 a. m. 1017 9 p. m. 1014  
2 a. m. 1020 10 p. m. 1017  
3 a. m. 1023 11 p. m. 1020  
4 a. m. 1026 12 m. 1023  
5 a. m. 1029 1 p. m. 1026  
6 a. m. 1032 2 p. m. 1029  
7 a. m. 1035 3 p. m. 1032  
8 a. m. 1038 4 p. m. 1035  
9 a. m. 1041 5 p. m. 1038  
10 a. m. 1044 6 p. m. 1041  
11 a. m. 1047 7 p. m. 1044  
12 m. 1050 8 p. m. 1047  
1 a. m. 1053 9 p. m. 1050  
2 a. m. 1056 10 p. m. 1053  
3 a. m. 1059 11 p. m. 1056  
4 a. m. 1062 12 m. 1059  
5 a. m. 1065 1 p. m. 1062  
6 a. m. 1068 2 p. m. 1065  
7 a. m. 1071 3 p. m. 1068  
8 a. m. 1074 4 p. m. 1071  
9 a. m. 1077 5 p. m. 1074  
10 a. m. 1080 6 p. m. 1077  
11 a. m. 1083 7 p. m. 1080  
12 m. 1086 8 p. m. 1083  
1 a. m. 1089 9 p. m. 1086  
2 a. m. 1092 10 p. m. 1089  
3 a. m. 1095 11 p. m. 1092  
4 a. m. 1098 12 m. 1095  
5 a. m. 1101 1 p. m. 1098  
6 a. m. 1104 2 p. m. 1101  
7 a. m. 1107 3 p. m. 1104  
8 a. m. 1110 4 p. m. 1107  
9 a. m. 1113 5 p. m. 1110  
10 a. m. 1116 6 p. m. 1113  
11 a. m. 1119 7 p. m. 1116  
12 m. 1122 8 p. m. 1119  
1 a. m. 1125 9 p. m. 1122  
2 a. m. 1128 10 p. m. 1125  
3 a. m. 1131 11 p. m. 1128  
4 a. m. 1134 12 m. 1131  
5 a. m. 1137 1 p. m. 1134  
6 a. m. 1140 2 p. m. 1137  
7 a. m. 1143 3 p. m. 1140  
8 a. m. 1146 4 p. m. 1143  
9 a. m. 1149 5 p. m. 1146  
10 a. m. 1152 6 p. m. 1149  
11 a. m. 1155 7 p. m. 1152  
12 m. 1158 8 p. m. 1155  
1 a. m. 1161 9 p. m. 1158  
2 a. m. 1164 10 p. m. 1161  
3 a. m. 1167 11 p. m. 1164  
4 a. m. 1170 12 m. 1167  
5 a. m. 1173 1 p. m. 1170  
6 a. m. 1176 2 p. m. 1173  
7 a. m. 1179 3 p. m. 1176  
8 a. m. 1182 4 p. m. 1179  
9 a. m. 1185 5 p. m. 1182  
10 a. m. 1188 6 p. m. 1185  
11 a. m. 1191 7 p. m. 1188  
12 m. 1194 8 p. m. 1191  
1 a. m. 1197 9 p. m. 1194  
2 a. m. 1200 10 p. m. 1197  
3 a. m. 1203 11 p. m. 1200  
4 a. m. 1206 12 m. 1203  
5 a. m. 1209 1 p. m. 1206  
6 a. m. 1212 2 p. m. 1209  
7 a. m. 1215 3 p. m. 1212  
8 a. m. 1218 4 p. m. 1215  
9 a. m. 1221 5 p. m. 1218  
10 a. m. 1224 6 p. m. 1221  
11 a. m. 1227 7 p. m. 1224  
12 m. 1230 8 p. m. 1227  
1 a. m. 1233 9 p. m. 1230  
2 a. m. 1236 10 p. m. 1233  
3 a. m. 1239 11 p. m. 1236  
4 a. m. 1242 12 m. 1239  
5 a. m. 1245 1 p. m. 1242  
6 a. m. 1248 2 p. m. 1245  
7 a. m. 1251 3 p. m. 1248  
8 a. m. 1254 4 p. m. 1251  
9 a. m. 1257 5 p. m. 1254  
10 a. m. 1260 6 p. m. 1257  
11 a. m. 1263 7 p. m. 1260  
12 m. 1266 8 p. m. 1263  
1 a. m. 1269 9 p. m. 1266  
2 a. m. 1272 10 p. m. 1269  
3 a. m. 1275 11 p. m. 1272  
4 a. m. 1278 12 m. 1275  
5 a. m. 1281 1 p. m. 1278  
6 a. m. 1284 2 p. m. 1281  
7 a. m. 1287 3 p. m. 1284  
8 a. m. 1290 4 p. m. 1287  
9 a. m. 1293 5 p. m. 1290  
10 a. m. 1296 6 p. m. 1293  
11 a. m. 1299 7 p. m. 1296  
12 m. 1302 8 p. m. 1299  
1 a. m. 1305 9 p. m. 1302  
2 a. m. 1308 10 p. m. 1305  
3 a. m. 1311 11 p. m. 1308  
4 a. m. 1314 12 m. 1311  
5 a. m. 1317 1 p. m. 1314  
6 a. m. 1320 2 p. m. 1317  
7 a. m. 1323 3 p. m. 1320  
8 a. m. 1326 4 p. m. 1323  
9 a. m. 1329 5 p. m. 1326



# ELLIGAN SAYS O'MALLEY SUGGESTED SETTLEMENT FOR A PRICE

## U. S. PROSECUTOR TELLS OF HIS CALL ON A. L. MCCORMACK

Details Conversation Between State Official and St. Louisan in Which Latter Agreed to Carry Question to C. R. Street.

Continued From Page One.

companies would be willing to pay someone for helping to secure a settlement of the fire insurance rate litigation and told him also that the defendant had said that any settlement would have to be arranged through T. J. Pendergast and that a meeting between Pendergast and Street might help a lot in settling the rate cases. Street told McCormack that he would be delighted to have the long-drawn out litigation settled and that he would be more than glad to see Pendergast and to discuss with him the possibility and way of securing such a settlement.

Another St. Louis meeting. At this conference, there was no discussion of what amount of money would be necessary to secure such a result. On the same day, McCormack returned to St. Louis and three days afterward on Jan. 18, 1935, the defendant again appeared at the Coronado Hotel, taking the same rooms, 925 and 926, and remaining there until Jan. 21, 1935.

"During the course of this visit, the defendant and McCormack again discussed the rate insurance litigation and McCormack told the defendant of the enthusiasm that Street had manifested at the thought of making a settlement of the litigation and of Street's willingness to have a conference with Pendergast. McCormack promised McCormack to get in touch with Pendergast immediately and to advise him of Street's desire for a conference with McCormack that he see Street and have Street set a date.

Meeting. Then following a recap of the meeting of Pendergast, McCormack and Street at the Palmer House in Chicago on Jan. 23, 1935, which was given in detail in the statement against Pendergast last Monday and published in the Post-Dispatch today, The District Attorney also repeated his story of the payment May 9, 1935, by McCormack to Pendergast of \$50,000, and then departed from the chronological account to reveal the typewritten letters McCormack had written to Street, although he did not sign them. Milligan said the letters were found by intelligence unit agents last July 9, among the personal effects of Street, then deceased.

Milligan told of the conference of May 14, 1935, at the Muehlebach Hotel in Kansas City among O'Malley, McCormack and representatives of the insurance companies, when plans for the compromise were drafted. Then the District Attorney took up again the narrative of O'Malley's activities, as follows:

"On May 18, 1935, four days after the conference at the Muehlebach Hotel at Kansas City on May 14, 1935, the tentative plans for the settlement were finally drafted into a written agreement which was signed by the defendant as Superintendent of Insurance, and Street, as representative of the fire insurance companies, but only after the defendant had first personally delivered a copy of the agreement to Pendergast at his office at the Jackson County Democratic Club, 1908 Main street, Kansas City, Mo., for his approval. Pendergast approved it.

"A few days later, May 21, 1935, McCormack went to Chicago. This time he did not stop to register at a hotel, but proceeded directly to Street's office. There he met Street, who gave him an additional \$50,000 in currency and directed him to deliver it to the defendant at Kansas City. As early as possible, he came to Kansas City by train, and upon arriving here, went immediately to Pendergast's office at 1908 Main street, and delivered the \$50,000 in currency to him in accordance with the instructions of Street and in keeping with the agreement. Of this \$50,000 Pendergast took for himself this time \$5000.

\$22,500 for O'Malley. "This he placed in his private office safe. The remaining \$45,000 he immediately returned to McCormack, directing him to deliver \$22,500 to the defendant and telling him he could keep \$22,500 for himself. McCormack and Pendergast then attended the races at Riverside Park, and that night McCormack went to St. Louis on the midnight train, carrying with him the \$22,500 which Pendergast had told him he might keep for himself and the \$22,500 which he had been instructed to deliver to the defendant.

"This last \$50,000, a part of the \$100,000 shown by the partnership books of the law firm of Hicks & Folz, to have passed out of Street's hands and through the partnership account and back into his hands on May 9, 1935, as previously stated. Now there remained of the original amount which was locked both by McCormack and through the partnership account only \$500. Street kept this for himself.

"Two days previously on May 20, 1935, the defendant had gone to St.

## Now Clear Why Boss Asked Stark to Reappoint O'Malley

THE recent disclosures in the notorious \$100,000,000 Pendergast-O'Malley fire insurance rate compromise of 1935 show clearly why the one big thing Boss Tom Pendergast wanted early in 1937, just before expiration of the four-year term of Insurance Superintendent R. Emmet O'Malley, was O'Malley's reappointment by Gov. Lloyd C. Stark.

On July 26, 1937, just after expiration of O'Malley's term, the Governor, returning from a vacation in Alaska, told Pendergast in Colorado Springs he would let O'Malley stay in office one year on condition the superintendent's official acts met with his approval. Less than three months later O'Malley refused to sign a motion, prepared at Stark's instance, for withdrawal of the Insurance Department from the compromise as it affected \$1,750,000 in premiums impounded in State court. This fund was in litigation in the State Supreme Court. The compromise, as affecting the \$10,000,000 impounded in Federal Court, already had been approved by a three-judge Federal Court. Then, on Oct. 19, several days after O'Malley's refusal, the Governor summarily removed him from office through the simple expedient of announcing appointment of his successor. By this action the Governor definitely severed all relations with Boss Pendergast.

Although Gov. Stark was obviously suspicious of the compromise, he did not know then that Pendergast had got \$315,000 and O'Malley \$62,500 of the \$440,000 corruption fund paid by the late Charles R. Street of Chicago, representing insurance companies, to put over the compromise.

Stark and registered at the Coronado Hotel, Rooms 1025-1026. Actually he remained there until May 24, 1935. But on May 23, 1935, and before his departure, McCormack met the defendant at the Coronado Hotel, and informed him that he had \$22,500 which he had brought him from Pendergast. The defendant said that he had no place to put the money and requested McCormack to give him then only \$2,000 of it and to keep the rest for him and give it to him as he would like to have it.

"Subsequently according to McCormack, the defendant came to St. Louis at various times and secured amounts of this money, ordinarily \$1,000 or \$2,000. McCormack placed the money in his own safety deposit box at the Mississippi Valley Trust Co., and, of course, it was necessary when the defendant asked him for money to go to that box to secure it.

Deposit Box Entry Dates. "An examination of the records of the Coronado Hotel, and an examination of McCormack's safety deposit box entry records at the Mississippi Valley Trust Co., show that the defendant was in St. Louis registered at the Coronado Hotel at the following dates: June 26, July 31, Sept. 23, Oct. 25, Nov. 27, 1935, and Jan. 20, Feb. 18 and March 30, 1936; McCormack stated that he knew positively that he had brought the money in this manner by March 30, 1936.

"Subsequently, the so-called compromise and agreement executed by Street and the defendant, after his signature to Pendergast for his approval, was presented to this court, three judges sitting, as a legitimate and untainted agreement, and this Court took it under advisement. Afterwards, on Feb. 19, 1936, the Court entered its order that the compromise be set aside and the entire money in the fund be distributed by the custodian in accordance with the provisions of the written agreement, namely, 20 per cent payable at once to the policy holders, 50 per cent payable at once to the fire insurance companies and 30 per cent payable to the Union National Bank, a trust fund of which Charles R. Street and Robert J. Folz were the trustees.

"Out of this trust fund, the trustees were ordered first to pay the expenses of the litigation, and then to pay the balance of the fire insurance companies. After the payment of expenses, there remained in this trust fund a sum equal to 16 per cent of the total impounded premiums. Each fire insurance company was entitled to receive from Charles R. Street and Robert J. Folz, as trustees, a payment or payments amounting to 16 per cent of its own impounded premiums. Each company was to receive a payment representing 11 per cent of its impounded premiums. "But with the 11 per cent checks to the first insurance companies went a memorandum from Street directing them to issue their checks to him as their agent in an amount representing 5 per cent of their total impounded premium. This was done by each company. The total amount paid to Street by these checks by the fire insurance companies was \$330,000.

\$40,000 Paid Over in St. Louis. Milligan told again of McCormack's visit to Street in Chicago on April 1, 1936, at which Street gave him \$330,000 in currency with instructions to deliver it to Pendergast at Kansas City. He did deliver the money to Pendergast's home, that evening, receiving from the boss \$80,000, with further orders to give half to O'Malley.

"On April 2, 1936, at St. Louis," Milligan related, "McCormack, after arriving in the morning from Kansas City, went to his safety deposit box at the Mississippi Valley Trust Co. at 9:47 a. m., and, dividing the \$80,000 in two envelopes containing \$40,000 each, locked both in his safety deposit box. Seven days later on April 9, 1936, the defendant telegraphed McCormack that he and his wife would arrive in St. Louis about 3 p. m. that day. McCormack went to the Union Station to meet them, and upon their arrival, he told the defendant that he had \$40,000 for him from Pendergast. The defendant inquired of him whether he could deliver him the money that day, inasmuch as he intended leaving St. Louis that night.

"McCormack said that he could do so if the defendant would go with him to his safety deposit box at the Mississippi Valley Trust Co. at once and before the bank closed.

at once and before the bank closed. McCormack and the defendant and his wife then drove to the Mississippi Valley Trust Co., where McCormack entered his safety deposit box at 3:35 p. m. and extracted one of the envelopes containing \$40,000 from it, and put it in his pocket. "Then he and the defendant and his wife drove to the Coronado Hotel, arriving there at about 4:05 p. m. There the defendant and his wife registered, taking rooms 825 and 826. McCormack accompanied them to their rooms. During the course of his visit, McCormack handed the defendant the envelope containing the \$40,000. According to the records of the Coronado Hotel, the defendant and his wife checked out of their rooms that night.

"During the conversation between McCormack and the defendant in the hotel room, the defendant stated that he was going to place this money in his niece's name.

"By this time, \$430,000 of the agreed price of \$750,000 had been delivered to Pendergast and of that sum Pendergast had retained \$305,000 for himself and delivered \$125,000 to McCormack for equal division between himself and the defendant.

Deposit Box Rented by Niece. "On the next day, April 10, 1936, at Kansas City, Mo., Mrs. O'Malley requested her niece, Mrs. Adeline Cross, to rent in her name for Mrs. O'Malley's use, a safe deposit box at the Union National Bank, Ninth and Walnut streets, Kansas City, Mo., and Mrs. Cross agreed to do so. Accompanied by Mrs. O'Malley, she went to the bank and there rented for Mrs. O'Malley's use, safe deposit box No. 6177, in the name: "Mrs. Adeline Ayres Cross," and Mrs. O'Malley then placed a large package in it. As is well known, all banks, including the Union National Bank, are required to keep a record of all entries by renters into safe deposit boxes, and such record shows the date and the exact time of the day when a box is entered.

"The records of the Union National Bank disclose that Mrs. Cross entered the box thereafter between April 10, 1936, and the month of January, 1939, almost every month, and oftentimes more than once a month, and, according to the premium list, she was accompanied by Mrs. O'Malley.

"On such occasions, Mrs. O'Malley would remove the large package from the box lay it on one of the desks there, extract currency from it, place on it a check, and return the large package to the box. On June 14, 1937, Mrs. Cross told Mrs. O'Malley she intended to be absent from Kansas City during the summer. At Mrs. O'Malley's request, Mrs. Cross wrote the Union National Bank the following letter:

"Dear Sirs: Upon presentation of this letter by my aunt, Mrs. R. E. O'Malley, you will please permit her to open the box rented by me and receive therefrom anything she desires to take.

"Mrs. O'Malley will have both keys to the box and will give you the password.

"Very truly yours, "Adeline Cross.

"The regulations of the bank, however, required the execution of a formal power of attorney, instead of an informal letter, and Mrs. Cross, being advised that the letter was insufficient as authority for Mrs. O'Malley to enter the box, secured from the bank a formal power of attorney and executed it. Thereafter, Mrs. O'Malley personally entered the box when she desired to do so.

"During the rental period of this box Mrs. Cross informed Mr. and Mrs. O'Malley that her husband, J. C. Cross and she desired to borrow \$7500 for use in the purchase of a house at 1348 Wayne Kansas City, Mo. Mr. and Mrs. O'Malley told Mr. and Mrs. Cross to proceed with the preliminary agreements for the purchase of the house and that they would let them have the money. Mrs. Cross should go to Mrs. O'Malley to the safe deposit box and get the money.

"Accordingly, on Feb. 8, 1938, Mrs. Cross, accompanied by Mrs. O'Malley, entered the box and removed the large envelope from the box, placed it in a bank envelope, and replaced the large envelope in the safe deposit box.

## STARK'S ADDRESS IN CITY TOMORROW TO BE PUT ON AIR BY KSD AND KXOK

AN address by Gov. Lloyd C. Stark on his fight for good government will be broadcast in St. Louis at 3 o'clock tomorrow afternoon by Stations KSD and KXOK.

He will speak at a meeting at Third Baptist Church, Grand and Washington boulevards, at 3 o'clock. The Metropolitan Church Federation. The meeting will begin at 2:45 o'clock. Gov. Stark's speech also will be broadcast by Station WDAF in Kansas City and KFBU at Columbia.

The Governor in his address will discuss the Kansas City police bill pending in the Senate.

suggest what sentence should be imposed upon this defendant. The well known to all, the assessment of punishment in this Court is the Court's sole prerogative, and so it should be. Nevertheless, we feel it to be our duty before closing this statement of the facts to make the observation to the Court that the defendant, by palming off on this court a fraudulent and corrupt settlement of the fire insurance rate litigation, has sought to make a mockery of its processes, and is guilty of a most flagrant contempt."

## TEXT OF LETTERS THAT MCCORMACK SENT TO STREET

Continued From Page One.

not always understand how to present a practical proposition to the courts; they are always thinking in legal terms and this, I think, is a matter which is a little beyond me.

"I was hoping to hear from you today because if it seemed urgent, I might drop over to Kansas City and see our friend, in order to make sure that everything is understood. McCormack explained," Milligan said, "that his references to our friend at Jefferson City" and "our friend in Kansas City" meant the defendant and Pendergast, respectively, and when, in the fourth paragraph of the letter, he said, "I do not think there was any way in the world to have accomplished this thing we have accomplished without your assistance," he referred to T. J. Pendergast, and the influence he had agreed with Street to exert in order to induce the officials of the State of Missouri, especially the defendant to settle the fire insurance rate litigation."

Part of Second Letter. This part of the second letter to Street, written May 17, 1935, was quoted as follows:

"I was hoping to hear from you today on the telephone, he informed me that O'Malley still is insisting upon two foot ideas being included in this settlement—one was on the question of having somebody in the rating bureau and the other is having an arbitration committee appointed to handle disputes of this type. Both of these ideas, in my opinion, are silly and I will if necessary, use influence in the proper place to disabuse O'Malley's mind of these ideas."

"Explaining the statements in this letter, McCormack among other things, said that he had in mind Pendergast's influence when he stated that, if necessary, he would use influence in the proper place to disabuse O'Malley's mind of these ideas."

The Governor referred to in McCormack's letter was Guy B. Park, then in office through Boss Pendergast's influence.

## STARK REQUESTS CONTEMPT ACTION AGAINST O'MALLEY

Continued From Page One.

ment was made by attorneys for a group of policyholders who already had filed suit in United States District Court to have the compromise set aside. The attorneys asked permission of the Court to amend their petition, filed last January, with the charge that the compromise was "induced and bribed" to enter into the compromise.

Dickson and Witmer have power of attorney to represent 5000 other policyholders and entered their petition in such form that it may be joined by still others. They said that the \$8,000,000 which was returned to the stock insurance companies as a result of the compromise again be impounded.

The other suit, brought in the name of the Ward Copeage Mercantile Co. of Calhounville, is pending before United States District Judge John Caskie Collet. After hearing the petition, Judge Collet asked that a formal application be prepared, and said he would set a date for a hearing after this is filed.

This suit requests that the \$8,000,000 be returned directly to the policyholders. The original charges on which the suit was based were that the compromise was inequitable and that O'Malley was without authority to enter into it.

40-Cent Wage Recommended. WASHINGTON, May 27 (AP)—The minimum wage committee for the hosiery industry recommended yesterday establishment of a 40 cents an hour minimum pay rate for full-fashioned hosiery workers and 35 cents for seamless hosiery workers. It was the first 40-cent recommendation made by an industry committee. These committees are appointed under the wage-hour act to recommend an industry minimum higher than the general 25-cent level if it is economically feasible.

## O'Malley to Prison for Year and Day

Continued From Page One.

St. Louis, and how later O'Malley obtained the lump payment of \$40,000 from McCormack on April 9, 1936.

On the next day, April 10, it was disclosed Mrs. O'Malley induced her niece, Mrs. Adeline Ayres Cross, to rent a safe deposit box at Union National Bank here, and Mrs. O'Malley placed a large package in it. Only the day after, the Government showed the two women would visit the box and Mrs. O'Malley would extract currency from the package. On June 14, 1937, Mrs. Cross left the city for the summer, but gave the bank a letter entitling Mrs. O'Malley to have access to the box.

\$7500 Loan to Niece Traced. She later got a formal power of attorney. During the rental period Mrs. Cross arranged to borrow \$7500 from the O'Malleys to buy a house here. A \$500 down payment in \$100 bills, was taken from the box. On Feb. 21, 1938, when the \$7000 balance was needed, Mrs. O'Malley turned over the money in \$100 bills. The real estate agent proposed that Mrs. Cross desired to avoid record evidence and so gave her the cash. As told exclusively in the Post-Dispatch yesterday the Government traced the money as part of the slush fund through serial numbers.

The final payoff came in October, 1938, when McCormack was told by O'Malley that Pendergast had been ill and needed funds for medical treatment. McCormack got \$10,000 from Street and gave it to Pendergast as he lay ill here at Menorah Hospital.

Last summer, while the Federal agents were investigating McCormack's income tax liability he told O'Malley about it and the former Superintendent was glad he had placed his money in a place where it could not be found.

Boatright for the Defense. Milligan concluded at 10:20 o'clock and William G. Boatright spoke on behalf of O'Malley, beginning with a notification O'Malley received from the Treasury Department last April 3 that his income tax adjustments were in order.

Four days later O'Malley was indicted, the attorney recalled, asserting he was "out of the city," or he would have made some explanation. Boatright pointed out that only the legal fee he held, some tax evasion could be considered in imposing sentence.

Surprisingly, Boatright digressed to discuss the settlement itself, saying it was wholly advantageous to O'Malley and that he could not point out it was advantageous to the companies. He said his client had denied to him Pendergast ever saw a draft of the settlement before it was signed.

The money paid O'Malley, his lawyer asserted, was a spontaneous gift from the part of Pendergast and came unexpectedly to him. It did not affect his stand on the settlement, Boatright said.

Boatright traced O'Malley's career. He pictured him as a man of many friends and told of the various political jobs he held.

"Deep Sense of Penitence." "Mr. O'Malley, emphatically confessed that at no time did he fail to insist on what he should insist on as a public official," the attorney said. "The letters read by the Government show his insistence that the statement should be on a paper basis."

Boatright argued that the amount of tax evaded was not "considerable" and that there was no showing that he was a "persistent" tax evader.

Boatright told Judge Otis that he was guilty of loyalty to a friend, that's where all his troubles began," Boatright asserted; and he referred to O'Malley's "broken hearted family."

Boatright finished at 10:50 o'clock. No other defense attorney spoke. The Government waived rebuttal and closing charges.

Arrival in Courtroom. In contrast with the scene Monday, when Pendergast made his dramatic appearance in court, there was a crowd gathered at the temporary Federal Building today.

O'Malley, accompanied by his lawyers, entered the courtroom 15 minutes early. He was wearing a blue sport suit with pleated jacket, a striped shirt and dark figured tie. A red and yellow poppy, of the kind being sold on the streets today for disabled veterans, was in his lapel.

As Judge Otis took the bench the courtroom was only half full.

There was much speculation throughout the city as to the punishment which would be meted out to O'Malley and how it would compare with Pendergast's, whose ill health was taken into consideration.

Nature of the charges against O'Malley was outlined exhaustively in the Government's brief in the case against the 66-year-old Pendergast.

O'Malley leaned back easily, arm flung across the back of an adjacent chair, as Milligan dispassionately outlined the case against him. Before presentation of the Gov-

## O'Malley to Prison for Year and Day

Continued From Page One.

St. Louis, and how later O'Malley obtained the lump payment of \$40,000 from McCormack on April 9, 1936.

On the next day, April 10, it was disclosed Mrs. O'Malley induced her niece, Mrs. Adeline Ayres Cross, to rent a safe deposit box at Union National Bank here, and Mrs. O'Malley placed a large package in it. Only the day after, the Government showed the two women would visit the box and Mrs. O'Malley would extract currency from the package. On June 14, 1937, Mrs. Cross left the city for the summer, but gave the bank a letter entitling Mrs. O'Malley to have access to the box.

\$7500 Loan to Niece Traced. She later got a formal power of attorney. During the rental period Mrs. Cross arranged to borrow \$7500 from the O'Malleys to buy a house here. A \$500 down payment in \$100 bills, was taken from the box. On Feb. 21, 1938, when the \$7000 balance was needed, Mrs. O'Malley turned over the money in \$100 bills. The real estate agent proposed that Mrs. Cross desired to avoid record evidence and so gave her the cash. As told exclusively in the Post-Dispatch yesterday the Government traced the money as part of the slush fund through serial numbers.

The final payoff came in October, 1938, when McCormack was told by O'Malley that Pendergast had been ill and needed funds for medical treatment. McCormack got \$10,000 from Street and gave it to Pendergast as he lay ill here at Menorah Hospital.

Last summer, while the Federal agents were investigating McCormack's income tax liability he told O'Malley about it and the former Superintendent was glad he had placed his money in a place where it could not be found.

Boatright for the Defense. Milligan concluded at 10:20 o'clock and William G. Boatright spoke on behalf of O'Malley, beginning with a notification O'Malley received from the Treasury Department last April 3 that his income tax adjustments were in order.

Four days later O'Malley was indicted, the attorney recalled, asserting he was "out of the city," or he would have made some explanation. Boatright pointed out that only the legal fee he held, some tax evasion could be considered in imposing sentence.

Surprisingly, Boatright digressed to discuss the settlement itself, saying it was wholly advantageous to O'Malley and that he could not point out it was advantageous to the companies. He said his client had denied to him Pendergast ever saw a draft of the settlement before it was signed.

The money paid O'Malley, his lawyer asserted, was a spontaneous gift from the part of Pendergast and came unexpectedly to him. It did not affect his stand on the settlement, Boatright said.

Boatright traced O'Malley's career. He pictured him as a man of many friends and told of the various political jobs he held.

"Deep Sense of Penitence." "Mr. O'Malley, emphatically confessed that at no time did he fail to insist on what he should insist on as a public official," the attorney said. "The letters read by the Government show his insistence that the statement should be on a paper basis."

Boatright argued that the amount of tax evaded was not "considerable" and that there was no showing that he was a "persistent" tax evader.

Boatright told Judge Otis that he was guilty of loyalty to a friend, that's where all his troubles began," Boatright asserted; and he referred to O'Malley's "broken hearted family."

Boatright finished at 10:50 o'clock. No other defense attorney spoke. The Government waived rebuttal and closing charges.

Arrival in Courtroom. In contrast with the scene Monday, when Pendergast made his dramatic appearance in court, there was a crowd gathered at the temporary Federal Building today.

O'Malley, accompanied by his lawyers, entered the courtroom 15 minutes early. He was wearing a blue sport suit with pleated jacket, a striped shirt and dark figured tie. A red and yellow poppy, of the kind being sold on the streets today for disabled veterans, was in his lapel.

As Judge Otis took the bench the courtroom was only half full.

There was much speculation throughout the city as to the punishment which would be meted out to O'Malley and how it would compare with Pendergast's, whose ill health was taken into consideration.

Nature of the charges against O'Malley was outlined exhaustively in the Government's brief in the case against the 66-year-old Pendergast.

O'Malley leaned back easily, arm flung across the back of an adjacent chair, as Milligan dispassionately outlined the case against him. Before presentation of the Gov-

## O'Malley to Prison for Year and Day

Continued From Page One.

St. Louis, and how later O'Malley obtained the lump payment of \$40,000 from McCormack on April 9, 1936.

On the next day, April 10, it was disclosed Mrs. O'Malley induced her niece, Mrs. Adeline Ayres Cross, to rent a safe deposit box at Union National Bank here, and Mrs. O'Malley placed a large package in it. Only the day after, the Government showed the two women would visit the box and Mrs. O'Malley would extract currency from the package. On June 14, 1937, Mrs. Cross left the city for the summer, but gave the bank a letter entitling Mrs. O'Malley to have access to the box.

\$7500 Loan to Niece Traced. She later got a formal power of attorney. During the rental period Mrs. Cross arranged to borrow \$7500 from the O'Malleys to buy a house here. A \$500 down payment in \$100 bills, was taken from the box. On Feb. 21, 1938, when the \$7000 balance was needed, Mrs. O'Malley turned over the money in \$100 bills. The real estate agent proposed that Mrs. Cross desired to avoid record evidence and so gave her the cash. As told exclusively in the Post-Dispatch yesterday the Government traced the money as part of the slush fund through serial numbers.

The final payoff came in October, 1938, when McCormack was told by O'Malley that Pendergast had been ill and needed funds for medical treatment. McCormack got \$10,000 from Street and gave it to Pendergast as he lay ill here at Menorah Hospital.

Last summer, while the Federal agents were investigating McCormack's income tax liability he told O'Malley about it and the former Superintendent was glad he had placed his money in a place where it could not be found.

Boatright for the Defense. Milligan concluded at 10:20 o'clock and William G. Boatright spoke on behalf of O'Malley, beginning with a notification O'Malley received from the Treasury Department last April 3 that his income tax adjustments were in order.

Four days later O'Malley was indicted, the attorney recalled, asserting he was "out of the city," or he would have made some explanation. Boatright pointed out that only the legal fee he held, some tax evasion could be considered in imposing sentence.

Surprisingly, Boatright digressed to discuss the settlement itself, saying it was wholly advantageous to O'Malley and that he could not point out it was advantageous to the companies. He said his client had denied to him Pendergast ever saw a draft of the settlement before it was signed.

The money paid O'Malley, his lawyer asserted, was a spontaneous gift from the part of Pendergast and came unexpectedly to him. It did not affect his stand on the settlement, Boatright said.

Boatright traced O'Malley's career. He pictured him as a man of many friends and told of the various political jobs he held.

"Deep Sense of Penitence." "Mr. O'Malley, emphatically confessed that at no time did he fail to insist on what he should insist on as a public official," the attorney said. "The letters read by the Government show his insistence that the statement should be on a paper basis."

Boatright argued that the amount of tax evaded was not "considerable" and that there was no showing that he was a "persistent" tax evader.

Boatright told Judge Otis that he was guilty of loyalty to a friend, that's where all his troubles began," Boatright asserted; and he referred to O'Malley's "broken hearted family."

Boatright finished at 10:50 o'clock. No other defense attorney spoke. The Government waived rebuttal and closing charges.

Arrival in Courtroom. In contrast with the scene Monday, when Pendergast made his dramatic appearance in court, there was a crowd gathered at the temporary Federal Building today.

O'Malley, accompanied by his lawyers, entered the courtroom 15 minutes early. He was wearing a blue sport suit with pleated jacket, a striped shirt and dark figured tie. A red and yellow poppy, of the kind being sold on the streets today for disabled veterans, was in his lapel.

As Judge Otis took the bench the courtroom was only half full.

There was much speculation throughout the city as to the punishment which would be meted out to O'Malley and how it would compare with Pendergast's, whose ill health was taken into consideration.

Nature of the charges against O'Malley was outlined exhaustively in the Government's brief in the case against the 66-year



**Mesmerism and Hypnotism, Denounced**  
CHURCHES, 11 A. M.  
Churches, 8; Fourth, 7; Fifth, 7:30 P. M.  
ing at All Churches, 8 P. M.  
Under 20 Years of Age—Please  
of Churches and Reading Rooms

Y and MONDAY 3 FOR 95¢



## ST. LOUIS POST-DISPATCH

Founded by JOSEPH PULITZER  
December 12, 1878  
Published by  
The Pulitzer Publishing Co.  
Twelfth Boulevard and Olive Street

## THE POST-DISPATCH PLATFORM

I know that my retirement will make no difference in its cardinal principles; that it will always fight for progress and reform, never tolerate injustice or corruption, always fight for the rights of all parties, never belong to any party, always oppose privileged classes and public plunderers, never lack sympathy with the poor, always remain devoted to the public welfare, never be satisfied with merely printing news, always be drastically independent, never be afraid to attack wrong, whether by predatory plutocracy or predatory poverty.

JOSEPH PULITZER.  
April 10, 1907.

## LETTERS FROM THE PEOPLE

## Suburban Slums.

To the Editor of the Post-Dispatch:  
Too many people, the word "slum" means a city area where rundown houses, dirty streets and alleys, overflowing garbage pails, outhouses and overcrowding make life almost intolerable. With the slum we also associate delinquency, crime, disease and high cost of city services.

County and country slums are quite as bad, and many are even now in the process of taking form. A ride through St. Louis County, especially in the unincorporated areas, proves how quickly a "development" can become a slum. Most people who purchase a little home do not know the simple A B C's for which they should look. They see the house, but fail to see the neighborhood, and rarely inquire into zoning ordinances.

In a nearby development, 15 houses have been built on a good tract—lots 50 by 270. Here was an excellent opportunity for architectural imagination and land-planning. With little more expense, a pleasing effect could have been obtained. The homes might have been built in an irregular line or on a crescent drive and all owners might have had the advantages of a community garden or play field. As it is, each house looks exactly like its neighbor and there is depressing uniformity.

Lacking zoning restrictions, a gasoline station was located immediately at one end of the plot, and another business enterprise will soon add its commercial effect. Already, within a year, property values are depressed.

People in the market for homes should be able to get free information on the pitfalls to be avoided in buying a home. There are a dozen danger signals which only the wary recognize. The county is full of germinating slum areas.

J. A. WOLF,  
Executive Director, Neighborhood Association.

## Traffic Menace.

To the Editor of the Post-Dispatch:  
THE police are being very diligent in the prosecution of the unwary motorist who parks in the bus-stop zone. If they really want to do something beneficial, why not begin cracking down on the half-wit drivers who speed by stopped street cars at places having no safety zones?

WILLIAM C. EIMER.

## Missouri's Scenic Assets.

To the Editor of the Post-Dispatch:  
IT was my good fortune recently to spend about a week in the enterprising town of Poplar Bluff, Mo., through which flow the limpid waters of the Black River. Eleven miles east is the erratic St. Francis, which are the Little Black and Current rivers, all noble streams, graced with a beauty which has few equals.

Any sojourn in this territory should include a trip to the Big Spring State Park, near Van Buren, Mo. Here is to be found a spring of crystal-clear water gushing from the foot of a rocky cliff at the rate of over 600,000 gallons per day. The purity of this water and its hurry to reach the light of day from some dark cavern is overwhelming in its grandeur.

Certainly, Missouri is not lacking in those scenic effects which contribute to the joy and satisfaction of life.

ARTHUR JOHNSON.

## Col. Lawrence's Testament.

To the Editor of the Post-Dispatch:  
THERE is surely some mistake in the information received from London that a "hitherto suppressed chapter" of the late Col. T. E. Lawrence, "Seven Pillars of Wisdom" has been discovered.

My copy of "Seven Pillars of Wisdom" was published in 1935, and I find everything your article quoted, and more, in Chapter 48. References to the author's shame for his part in the Arab revolt are scattered throughout the book, as are evidences of Great Britain's perfidy.

CECELIA BUCK.

## The New Psychology.

To the Editor of the Post-Dispatch:  
THOSE of us who have often questioned the practical value of a college education and training in psychology are gradually getting light on the subject from Dr. Crane's column.

Thursday's column was particularly illuminating. Now, if we had only had the knowledge of psychology which Dr. Crane boasts, we would have had no difficulty whatever in holding our breath for a full minute and a half. For years, we uninformed laymen have had to be content with holding our breath for only a minute, which was not only downright discouraging, but was probably giving us a frustration complex.

Now, the Higher Learning has come to our rescue. In the words of Dr. Crane, the whole solution of this breath-holding problem is to "hold your nose and then belch." If this doesn't work, then we "swallow several times and belch again."

Not only will this serious advice open new doors in effective breath-holding to those who have long been inept at this uplifting and stimulating pursuit, but it should do much to reduce the spasms of self-consciousness which attack the unfortunate who, sometimes unwittingly, belch in our better drawing rooms and other public places. When these untoward events occur in the future, the hapless victim will merely say, "That's my latest exercise in applied psychology."

PANDRO SMOELLENHOFF.

## MR. ARNOLD LOOKS AT HOUSING.

The Government is now making what may prove, over the long haul, a more fruitful approach to the problem of reviving the housing industry than the mere lending of money on easy terms.

One of the chief reasons why there has not been more building is the fact that the cost of materials and labor has been so high that the values to be had in residences have not compared favorably with values to be obtained in other goods. Now the Department of Justice announces that it will use both the civil and criminal processes of the anti-trust laws to break up conspiracies which tend to inflate the cost of either labor or materials.

In making this announcement, Thurman W. Arnold, Assistant Attorney-General in charge of anti-trust prosecutions, described certain conditions which are strongly reminiscent of some which have been alleged to exist in St. Louis. "In recent years," he said, "the building trades unions have frequently been used as the strong-arm squads for collusive agreements among contractors, refusing to supply labor where the contractors' ring wishes labor withheld."

In 1936, five plastering contractors and four labor leaders were indicted in Federal Court here for conspiracy to defraud the United States by fixing excessive prices on bids submitted for work to be financed partly by PWA funds. According to the testimony, labor leaders received pay-offs from the contractors to provide labor trouble for firms obtaining jobs without the sanction of an "inspection committee."

After an involved trial, a jury acquitted the defendants. Nevertheless, PWA Administrator Ickes was strongly enough convinced of collusion that he refused to allow any PWA money to be used to pay for plastering done by the indicted contractors.

Another PWA investigation produced evidence to show collusion of manufacturers, jobbers and labor unions to fix the price of glass on construction jobs in St. Louis. Plans for prosecuting the principals in this alleged conspiracy were dropped after the failure to obtain convictions in the plastering case. But, subsequently, the Federal Trade Commission issued anti-trust orders against four glass concerns and two labor unions operating in the St. Louis area.

There is evidence that Mr. Ickes, as long ago as 1935, would have had the administration move to end the artificial restraints operating to hold up building, but was discouraged by elements in the administration which were politically afraid of offending the building trades unions.

If the Department of Justice is able to correct the conditions upon which it now proposes to wage war, it should benefit not only the public generally but also most of the building materials trade and the building crafts. The only ones who could be hurt are monopolists using illegal methods to appropriate for themselves a dwindling volume of business. Even they may find it beneficial to take lower prices and lower wages on a larger volume of construction.

Explorers are planning to walk the streets of an ancient city now under 300 feet of water. Those nice boys are apt to get their feet wet.

## FOR SHOOTING A POLICEMAN: SIX MONTHS.

Shooting a policeman is seemingly a trivial offense in St. Louis. "Gudy" Gunn, ex-convict and former dope peddler, shot Patrolman Francis G. Cook in the abdomen more than two years ago, when the officer declined his drunken invitation to "go out and have a good time." Cook's life was despaired of for weeks. Today he lies paralyzed in a hospital, still in grave condition.

The Circuit Attorney's office reduced the charge against Gunn from assault to kill with malice aforethought, which carries a maximum penalty of life imprisonment, to assault without malice. Yesterday, Gunn pleaded guilty and Circuit Judge McLaughlin imposed sentence: six months in the Workhouse!

The handling of this case is an affront to the public, and an actual menace to every police officer in the city. The slap on the wrist administered to Gudy Gunn is a plain encouragement to gun-toting hoodlums in their brushes with the law. Furthermore, Cook was dismissed from the force after the shooting and receives no disability allowance—merely because he was not technically on duty when he was wounded.

The whole conduct of the case is an outrage against law, order and justice.

After playing ball with the Democrats since '32, farmers who voted the Republican ticket last fall are worse off now than they were then. The sturdy tiller of the soil must be about ready to try the cocktail party.

## SOME UNANSWERED QUESTIONS.

Gov. Stark has ordered representatives of the State Insurance Department and the Attorney-General's office to make a complete study of the affairs of the General American Life Insurance Co. A thorough study of the history of this company and its predecessor, Missouri State Life, is assuredly in order.

There are a score of questions connected with the juggling of the two companies by promoters operating with policyholders' money which need to be answered. The report made by a committee appointed by the St. Louis Chamber of Commerce at the request of officials of the company itself does not suffice.

But General American is not the only insurance company whose affairs invite the State's attention. Likewise unanswered are several major questions pertaining to the affairs of the defunct Continental Life Insurance Co. during the time it was in the hands of R. Emmet O'Malley. There is evidence that O'Malley, the rapacious Superintendent of Insurance, tried the same shakedown tactics on this company that he tried on the organizers of General American.

Whether or not the State launches a probe of the disposition of Continental, there is a pressing job for the State Bar Committee in connection with the legal racketeering attempted by Attorney John W. Hudson of Kansas City, who offered to effect the return of Continental to its original management for \$150,000, and even undertook to provide for the payment of his fee by a diversion of the assets of the closed Wellston Trust Co.

Will the legal profession, properly zealous against swindlers who appropriate a few hundred dollars of their clients' funds to meet personal emergencies, leave untouched such a patent design for double-barreled fraud?

Who, if anyone, was to split the \$150,000 with Hudson? How did Hudson propose to effect a fraud which would have required the collusion of more than one State official? What evidence can Ed Mays, Continental's former head and the man to whom Hudson made his brazen offer, give of the attorney's plan of operation? Why was the scheme abandoned in its entirety and the company sold instead to a Kansas City

insurance company whose president was a friend of Tom Pendergast?

These are matters which demand the bar's attention much more urgently than the speculations of an occasional imprudent shyster. And they are matters which certainly require the State's attention no less than the affairs of General American.

## ANNIVERSARY OF A STRANGE DECISION.

It was just 10 years ago today that the United States Supreme Court handed down its decision denying citizenship to Rosika Schwimmer, then 52 years old, because she would not promise to bear arms in defense of the country. Justice Holmes' dissent in the case (Brandeis concurring) has become a classic. Mrs. Schwimmer, he pointed out, "would not be allowed to bear arms if she wanted to." Then these immortal words:

If there is any principle of the Constitution that more imperatively calls for attachment than any other, it is the principle of free thought—not free thought for those who agree with us, but freedom for the thought that we hate. I think that we should adhere to that principle with regard to admission into, as well as to life within, this country.

I would suggest that the Quakers have done their share to make the country what it is, that many citizens agree with the applicant's belief and that I had not supposed hitherto that we regretted our inability to expel them because they believe more than some of us do in the teachings of the Sermon on the Mount.

The decision set a precedent that has endured. It has led to a whole series of injustices and absurdities. Under its terms, citizenship has been denied to Marie Averil Bland, Canadian war nurse, 48 years old, who offered to nurse the wounded in war, but refused to take life (1931).

The Rev. Douglas Clyde MacIntosh, Yale theology professor, 54 years old (1931).

Louisa Maria Hoffman of Florida, 72 years old, native-born American who lost her citizenship through marriage to a German; willing to perform non-combatant service, but not bear arms (1937).

The Rev. Abraham Warkentin of Illinois, Menonite pastor, whose religion forbids taking up arms (1938).

At the same time, citizenship has been granted to numerous alien gangsters, foreign agitators and other undesirables, simply because they met the arms test satisfactorily.

This country does not require elderly men, or women of any age, to bear arms. It provides non-combatant duties in wartime for men with conscientious scruples against taking life. Persons of pacifist convictions, notably the Quakers, have made excellent citizens. This is not a military dictatorship, yet the Schwimmer precedent has all the earmarks of a Hitler or Mussolini edict.

The evolution of judicial thinking has brought many of Justice Holmes' dissents to the status of majority opinions. Only this week, his minority view on taxing Federal Judges prevailed after 20 years. Is it too much to expect that the revitalized Supreme Court will shortly approve his plea in behalf of "the thought we hate"?

## JUDGES ON THE JOB.

The day is famous in letters and, perhaps, in art. It was on a remote March 7 that Daniel Webster delivered the speech which takes its title from the date, and, if the paradox is permissible, survives as a fatal forensic.

And it was on March 7 that our cartoonist depicted the paneled, the broadened, the tapestried, the Byzantine splendor of our city's once leisure class—some of our Circuit Judges.

The Bar Association remonstrated in a memorial, more anxious than angry. Subsequently, as the records attest, the Bar Association peered into the workshop of the Circuit Judges and found there were slugs there as well as the diligents. Did our cartoonist utilize a dash of hyperbole in "holding the mirror up to nature"? If so, he was within the license approved by all the canons of art.

It is different now. For those Circuit Judges who dawdled in green pastures beside the still waters of Lotus Land, life now soars on a swifter, sturdier wings. Toil is an ennobled word. The shovel leapers are digging.

"Tis well.

## RAILWAYS AND WATERWAYS.

The Senate has passed the bill to rationalize this country's transportation system, a measure evolved after thorough investigation of the problem. It contains many provisions of great potential value for stabilizing the railroads, long one of the country's sickest industries. At the last moment, a strenuous debate was waged over inclusion of inland waterways, as provided in the bill, but there is no reason to fear that they will be wrecked by being placed under ICC supervision.

Is it reasonable to assume that any rational plan for co-ordinating the nation's transportation system can omit the waterways? Virtually every report on the complex problem has recommended their inclusion. Is it logical to assume that the ICC is going to sound their "death knell," as Senator Clark warned?

The present Transportation Act declares it to be the policy of Congress "to promote, encourage and develop water transportation, service and facilities in connection with the commerce of the United States." The new act provides a policy of "fair and impartial regulation of all modes of transportation," in such a way as to "recognize and preserve the inherent advantages of each."

St. Louis has a stake in the welfare of both waterways and railways. What it wants to see is a state of healthy competition between them, not the cutthroat competition that has occasionally been witnessed in times past. A uniform rate-making rule, under a common supervision, promises to be the best solution.

## IS HITLER SLIPPING?

There are grave signs and portents in the wind, or two at least, pointing to the possibility that Germany's anointed one may be losing some of his omnipotence.

The Reich must "export or die," the Fuehrer said in a recent address. When a dictator is in really good form, such a warning would mean a vast spurt in exports before the loudspeakers ceased vibrating. But instead, April figures for German exports are actually \$20,720,000 below those for March.

Then, last week, Hitler visited the new fortifications in the Rhineland. After careful inspection, he pronounced them "invincible and impregnable." This week comes news that the Rhine has risen to flood stage, and has forced the German soldiers to retreat hastily from the front-line defenses.

Can it be that the man of destiny is baffled by the forces of economics and the elements?



"IT'S ME!"

## Our Peculiar Language

The Mirror  
of  
Public Opinion

Almost any idea can be expressed in Basic English, with its selected 850-word vocabulary, sponsors declare; but this does not consider highly idiomatic, subtle and bewildering side of mother tongue, newspaper says; cites as example the many meanings of the word "take."

From the Chicago Tribune.

WE are indebted to Charles Davis, C. E. D. engineer, of Bass River, Cape Cod, Mass., New York, Philadelphia and Boston, for a copy of an article by him entitled, "Debabelize the World Thru Basic English." Basic English is recommended for use as an international language. The vocabulary consists of some 850 English words, with which, we are told, almost any idea can readily be presented. The grammar is English grammar.

A foreigner can master Basic English in a few months because English sentence construction is simple; moreover, the students will have to waste little time learning inflections and conjugations, for our language is exceptionally free of them. Our spelling is an obstacle, but this disadvantage can be minimized by simplification and is outweighed by numerous advantages.

English is already the most widely spoken tongue in the world, and everyone who speaks it can take Basic in his stride without even knowing it is Basic. A few years ago, the American Mercury published an article in Basic. Few of the readers would have suspected any eccentricity of style if they had not been told about it.

The trouble will not come in making Basic understandable to English-speaking people, but in making the communications of English-speaking people understandable to those who have learned Basic.

English is at once the simplest and most difficult of languages. Perhaps it can be described as two languages. Basic is the one which resembles the French in precision and orderliness, and it was that part of our language to which the Frenchman referred when he said that English is only French badly pronounced. The other English is highly idiomatic, subtle, lawless and bewildering.

We who speak English speak these two tongues and we intermingling them in the same sentence without the slightest awareness of what we're up to.

## Opportunity for a New Day in Kansas City

From the Kansas City Star.

T. J. PENDERGAST has been sentenced to the Federal penitentiary and a new period starts in Kansas City. There can no longer be any doubt as to what has happened. Disappointing as the sentence is to the public, no man has ever returned from such exposures and a penitentiary sentence to great political power in America. The sentence puts the seal on the facts that led to the plea of guilty. The Pendergast myth is broken. The hidden power that stifled the normal leadership of Kansas City is gone.

The forward movement of Kansas City was set back many years by men, by greedy, ruthless men who apparently had no interest in Kansas City except the opportunity to enrich themselves. They submerged opportunity in the city as well as natural leadership, while a machine system bled the public for all it could stand.

The natural location and resources of Kansas City made it a rich feeding ground for a political organization. The same location and resources open up vast opportunities for progress in the future just ahead. Kansas City was held back; but it has not been turned back.

Many persons formerly aligned with the machine have said they "never dreamed

Consider, for example, the word "take," which is in the Basic list. Its primary meaning is "to gain possession." As a transitive verb, it has 25 other more or less related meanings, and as an intransitive verb, 10 more. Some of them are readily inferred from the original and others are not. The student of Basic may have no difficulty with "Napoleon took Warsaw," but what does he make of "Napoleon took offense"? "Napoleon took flight" is obviously an anachronism. And that is only the beginning of the difficulty. When the 35 simple meanings of "take" have been memorized, the user of Basic will still have to discover what we mean when we use "take" in combination with prepositions or adverbs. For example, what do we mean when we combine "take" with "up"?

We shall now take that up, and illustrate our point with the phrase, "They took up the street." That can mean (1) that they stood still and blocked the street, and (2) that they attacked the pavement with picks and shovels. Similarly, "take down" can mean, among other things, to write, to loose and to dismember.

A woman, after or before taking down a letter, her hair or her vacuum cleaner, may take in washing, a victim, a view or (in England) a newspaper, and none of these diverse acts of gaining a livelihood, betraying, gazing and subscribing can readily be inferred from the primary meaning of "take" and "in." It should be noted, also, that "taking in washing" is wholly different from "taking the washing in."

We can and do use these combinations in a fashion bewildering to the foreigner. In our ears, the language of combinations seems the simpler and therefore the more easily understood. To the foreigner, we are much more likely to say, "She obtained employment in washing," than, "She obtained employment as a laundress." The student of Basic will need a lot of help from his tribal gods when it's our turn to talk.

## Good Business in the Bund

From the New York Post.

ONE of the driving forces behind the "shirt" movements in this country is that there is a profit in selling shirts. The German-American Bund and its affiliated corporations make their profits selling uniforms, jewelry and books. C. M. Herlands' investigation of the Bund discloses a retail business of considerable size, operating, it appears, without sales taxes. (Nazis don't care much for laws unless they are promulgated by Adolf.) One of the Bund's affiliated corporations declared to owe the city \$2586 in taxes and penalties, which would indicate a business some size.

That calls to mind a historic parallel—the Bund's predecessor among American hate organizations—the Ku Klux Klan. Interesting that the Klan, too, was in retail trade, selling robes at \$6.50 each, members who had previously been sworn after paying the \$10 initiation fee. E. Y. Clarke—a high pressure salesman wanted to move merchandise. The Klan said to have done something like \$90,000 in business before the country got sick of it. That is not tin, and the profits must have been considerable.

How much have the Bundists been making by getting susceptible persons hopped up, then selling them awastika jewelry, books and uniforms with Sam Browne belts? We applaud the Mayor's action in turning Mr. Herlands' data over to District Attorney Dewey for prosecution. No illegal action any kind should be taken against the Bundists. That is not our way. At the same time they should not be spared the penalties law-breaking just because they are loud and nasty.

Bund members themselves may be interested in finding out just who gets the profits that come out of the movement.

## PUBLIC AND PRIVATE BUDGETS.

From the Columbia (S. C.) State.

OUR present budget is entirely inadequate. . . . In a letter from a public official, that statement appears. In many letters from many public officials, that statement appears. It is the normal comment of the taxpayer. His budget is entirely inadequate also, and there is not much he can do about it. He has not the power to require persons to pay him more than he is getting. Confused, harassed, impatient fellow, he submits because he does not know always how to use the power he has to the demands of many governments for less and more and more of his less and less.

The process, of course, is leading toward deeper trouble than now is being perceived. Some legislators, national and state, know this. But some do not. The little fellow in politics—the taxpayer—should wake up and fight back. Survival is a natural and fundamental urge. Obey.

## GOOD RIDDANCE TO A LANDMARK.

From the Pittsburgh Press.

A NOTHER landmark has been moved, lamented Justice Pierce, chief of the Supreme Court as his colleagues decided that the pay of Federal Judges subject to income tax. Landmark is a classic malapropism, had "all the earmarks of an eyesore."

We think a far better landmark is the court majority's view, as expressed by Justice Frankfurter, that "Judges also are citizens," and as such are not exempt from "sharing with their fellow-citizens the material burden of the Government whose constitution and laws they are charged with administering."

## ON THE

By DOROTHY

## Want to Be

NOW, about this gambling business. . . . In his speech last Monday night the President attacked the critics of his fiscal policy (among them "high-brow economists and high-gear economists") of being "eager to gamble the safety of the nation." The New Deal, he said, is conservative.

This statement would seem to indicate that the New Deal has, and has had, a consistent policy. . . . Actually, the New Deal has had three separate policies.

The first was the fiscal policy inaugurated in the special economic message of March 10, 1933.

"We shall," the message read, "have piled up from the preceding fiscal years an accumulated deficit of five billion dollars. . . . It has contributed to the recent collapse of our banking structure. . . . Too often in recent history liberal governments have been wrecked on the rocks of loose fiscal policy. . . . We give you assurance that if this is done (proposed economy legislation) there is reasonable prospect that within a year the income of the Government will be sufficient to cover the expenditures of government."

But on Jan. 3, 1934, the President adopted the idea of the cyclical budget—the idea of compensatory Government spending. The proposed increase in the deficit was to be so arranged as to be conditioned as to accelerate recovery and secure a balance within the business cycle.

"We should plan to have a definitely balanced budget for the third year of recovery, 1936, and from that time on seek a continuing reduction of the debt."

In the second budget message, of Jan. 3, 1935, the President noted the continuing problem of unemployment and said:

"For this reason it is evident that we have not yet reached a point at which a complete balance can be obtained. . . . I am, however, submitting to the Congress a budget for the fiscal year of 1936. . . . Such deficit as occurs may be expected to decline."

In the message of Jan. 3, 1936, he congratulated himself on the success of his policy.

"Our policy is succeeding. The figures prove it. Secure in the knowledge that steadily decreasing deficits will turn, in time, to steadily increasing surpluses. . . . let us pursue the course we have mapped."

The year closed six months later with a record-breaking deficit of \$4,361,000,000.

On Jan. 8, 1937, there was another optimistic budget message. "Business conditions have shown each year a marked improvement. . . . The gains make it possible to reduce for 1938 many expenditures. . . . W. W. Ruggles, director of the Federal Reserve, said in 1939 a completely balanced budget."

Immediately following this message the Government embarked upon a drastic deflationary policy, radically reducing spending, but increasing three times the Federal Reserve requirements and sterilizing gold.

Columnist Dorothy Thompson and others predicted a depression, on the argument that the deflation was wildly drastic, that it was a mistake to undertake it unless accompanied by the release of capital, radical change in the tax structure, and a revival of business confidence which had been seriously, though indirectly, shaken by

## CITY LETS OUT TWO, BOTH PARTY WORKERS

Employees in Streets and Sewers Department Lose Jobs in Economy Campaign.

Two more city employees, both precinct captains in Democratic organizations supporting Mayor Bernard F. Dickmann, have lost their jobs in the city's economy campaign, Chairman George R. Tracy of the Efficiency Board announced yesterday.

The discharged employees, both in the Streets and Sewers Department, are Robert Myers, \$100-a-month clerk in the excavation inspection section, and Joseph O'Brien, \$130-a-month clerk in the Drivers' License Bureau. Tracy said Myers was a precinct captain in the Fifth Ward, which is represented on the Democratic City Committee by State Senator Michael Kinney, and O'Brien was a precinct captain in the twenty-third Ward organization of Miss Florence Carroll, democratic committeewoman.

It was announced recently that don't had laid off for two weeks two employees of the department, he found reporting late for work.

## PADEREWSKI IS MUCH BETTER

Plans to Go to Europe After Heart Attack, However.

NEW YORK, May 27 (AP).—Ignace Jan Paderewski's condition was much improved today, his physician said, but the noted pianist still planned to sail Tuesday for his home in Europe. . . . His physicians advised absolute rest and barred visitors. Paderewski suffered a heart attack Thursday prior to a scheduled concert in Madison Square Garden.



## ON THE RECORD

By DOROTHY THOMPSON

## Want to Bet on It?

Now, about this gambling business. In his speech last Monday night the President, according to the critics of his fiscal policy, "high-browed economists" and "high-browed economists" of being "eager to gamble with the safety of the nation."

This statement would seem to indicate that the New Deal has, and has had, a consistent policy. The New Deal has had, and has had, a consistent policy.

The first was the fiscal policy. The first was the fiscal policy. The first was the fiscal policy.

"We shall," the message read, have piled up from the preceding years an accumulated deficit of three billion dollars. . . . It has contributed to the recent collapse of our banking structure. . . .

But on Jan. 3, 1934, the President signed the idea of the cyclical government spending. The proposed increase in the deficit was to be so arranged and conditioned as to accelerate recovery and secure a balance within the business cycle.

He should plan to have a definitely balanced budget for the year of recovery, 1936, and then that time on a continuing reduction of the debt."

In the second budget message, of Jan. 3, 1935, the President noted the continuing problem of unemployment and said:

"For this reason, it is evident that we have not yet reached a point at which a complete balance can be maintained. . . . I am, however, submitting to the Congress a budget for the fiscal year of 1936. . . . Such deficit as occurs may be expected to decline."

In the message of Jan. 3, 1936, he congratulated himself on the success of his policy.

Our policy is succeeding. The figures prove it. Secure in the knowledge that steadily decreasing deficits will turn, in time, to steady increasing surpluses. . . . let us pursue the course we have mapped.

The year closed six months later with a record-breaking deficit of \$3,011,000,000.

On Jan. 8, 1937, there was another optimistic budget message. The Government has shown each year a marked improvement. . . . The gains make it possible to reduce for 1938 many expenditures. . . . We expect in 1939 a completely balanced budget."

Immediately following this message the Government embarked on a drastic deflationary policy, radically reducing spending and increasing three times the Federal Reserve requirements and sterilizing gold.

Columnist Dorothy Thompson predicted a depression, in the argument that the deflation was wildly drastic, that it was a mistake to undertake it unless accompanied by the release of capital, a radical change in the tax structure, and a revival of business confidence which had been seriously, though indirectly, shaken by the attack on the Supreme Court.

Columnists were reprimanded for pessimism. There was a depression, eventually admitted by the Government.

In January, 1938, a new policy takes form. The budget is going to be balanced when and if the national income has grown to the "requisite amount." Just what the proper national income ought to be at which the budget will be balanced is not clear. Paul M. Sweezy thinks 100 billion dollars would be "an immediate goal," and that "one cannot expect business men to undertake the necessary investments; the risks are too large."

The President, in his speech to the retailers (no bargain basement), suggests 80 billion dollars—by achieved by pumping in "purchasing power."

And the budget for 1940, presented before the Congress on Jan. 7, 1939, contains a table showing the revenues that would result from existing taxation if there should be advances in national income.

"Seventy billions means six billion dollars revenue; 80 billion dollars means eight billion dollars; 90 billion dollars (we have never had it) would produce \$10,600,000,000."

Now, there is nothing except bright hope to indicate that this last certainty will not be much the most serious gamble.

Either policy 1 or policy 2 could have succeeded, had it been followed consistently and intelligently by the administration, or had either been fully comprehended in the first place and the whole conditions taken into account.

Paul Reynaud has in general followed policy 1 in bringing into order the finances of the French Government from the disorder produced by Blum's French New Deal.

The British recovery—at a high scale of taxation and revenue—was achieved by this policy.

The Swedish and Australian governments adopted the cyclical budget and compensatory spending policy 2) with success, but in an ordered and rational fashion. They were clearly aware that it would work only if there was the closest collaboration between Government and business; only if there was in which business and Government were operating were delimited; only if private capital was given every encouragement by incentive taxation, and only if labor relations were stabilized.

All of the liberal high-gear economists who have advocated this policy—Mr. Keynes of London; Mr. Copland of Australia; Prof. Miral of Sweden—have insisted that there is no possible recovery by government spending, i. e., by government deflation, if political or economic policy is one of business deflation or business stagnation.

This viewpoint is also supported by Prof. Alvin H. Hansen of Harvard, who is now quoted as a high-gear economist in defense of the "wholly fallacious to assume that a government can safely rely, in a private capitalist economy, on spending its way out of depression into a sustained recovery."

"(Full Recovery or Stagnation)," published in 1938 by the University of Chicago Press, is a book which has not been pump priming here.

It is not pump priming to put a monkey wrench into the pump, muddy the well and hook the farm to transport water from irrigation projects built by WPA.

(Copyright, 1939.)

DOUG FAIRBANKS SR. TO PAY \$87,000 IN BACK INCOME TAX

Charles Chaplin Disputes Government's \$87,000 Claim Before Appeals Board.

WASHINGTON, May 27 (AP).—Two motion picture stars had business with the Tax Appeals Board yesterday—Douglas Fairbanks Sr. agreeing to pay \$87,283.01 in back income taxes and Charles Chaplin disputing the Government's claim for \$65,208.48 additional and demanding instead refund of \$24,938.04 already paid.

The amount Fairbanks consented to pay was the full deficiency assessed on his 1930 income. He had reported net income of \$53,371.87 for the year, plus \$33,958.39 on bond redemption, and paid a total of \$97,301.01 taxes.

Chaplin, who had reported net income of \$445,269.58 and paid \$230,855.58 tax for 1935, argued the Bureau was mistaken in assessing its deficiency claim of \$104,709 representing the value of United Artists' Corporation stock released to him from escrow that year. He also received \$44,532.22 of accumulated dividends on the stock, and income tax rates on it, whereas, he said, it should have been subject to dividend income deductions.

THOMAS T. SULLIVAN FUNERAL

Services Monday for President of Steamfitters' Union.

Funeral services for Thomas T. Sullivan of East St. Louis, president for 15 years of Local 439 of the United Association of Steamfitters and Helpers, A. F. of L., will be held at 10 o'clock Monday morning at St. Patrick's Church, 3300 Summit avenue. Burial will be in Mount Carmel Cemetery.

Mr. Sullivan, 67 years old, died of a stomach ailment Thursday at St. Mary's Hospital. He resided at 819 North Thirty-second street. Surviving are his wife, a son and a daughter.

## DR. CHARLES MAYO

## FUNERAL MONDAY, ROCHESTER, MINN.

Public Services to Be Held for Noted Surgeon — Mayor Proclaims Suspension of Business.

ROCHESTER, Minn., May 27 (AP).—Public funeral services for Dr. Charles H. Mayo, surgeon, who died Friday in Chicago, will be conducted in Calvary Episcopal Church here at 4:30 p. m. Monday, the Rev. Dr. Guy C. Menefee, pastor, officiating.

Business will be suspended in the city from 3 to 5 p. m. under proclamation by Mayor Paul A. Grassie.

The body will lie in state from 11 a. m. to 5 p. m. tomorrow in the Mayo Clinic lobby, which is on the approximate site of the house where Dr. Mayo was born.

Active pallbearers will be members of the clinic board of governors. The 200 men who are members of the consulting staff of Mayo Clinic and Mayo Foundation will be honorary pallbearers.

Body Arrives in Rochester. Accompanied by relatives, the body arrived here at 8:30 a. m. Accompanying the body were Mrs. Mayo, the son Dr. Charles W. Mayo, and Dr. Herman Moersch and Dr. T. J. Dry, who attended Dr. Mayo in Chicago.

Dr. Mayo was 73 years old. Death was caused by a rare type of pneumonia—lobar pneumonia No. 3. He was stricken at a Chicago hotel May 18, when en route home from his vacation in England.

His Brother Convalescing. The Mayo's other children, Dorothy, and an adopted daughter, Marilyn, were in Rochester as was the surgeon's brother, Dr. William J. Mayo, 77, who is convalescing from an operation. The Mayos had eight children. Two daughters and Dr. Joseph Mayo died, the latter in an automobile accident in 1936.

In 1916 Dr. Charles Mayo was president of the American Medical Association and in 1924 he headed the American College of Surgeons. He wore the distinguished service medal of the United States and was honored by nine foreign governments.

Dr. Morris Fishbein, editor of the Journal of the American Medical Association, said that in the death of Dr. Charles Mayo American medicine had lost one of its greatest surgical leaders.

"He was a man with a warm feeling for the interests of people," Dr. Fishbein said, "a man who understood how to talk to all mankind and who knew how to convey the story of medicine in its best way."

Became Huge Medical Center. The Mayo family country doctor who immigrated from England, the Mayo brothers carried on their father's ideals in making their clinic internationally known.

During his 40 years of active surgery, Dr. Mayo saw the growth of the establishment from a small infirmary to a huge medical center that drew patients and medical experts from the far corners of the earth.

The brothers Mayo held themselves to be only "moral custodians" of the money received from the clinic. They said it must be returned to the people in the form of advanced medical education.

They did this by establishing the Mayo Foundation for medical education and research at Rochester, Minn., and the Mayo Clinic, which drew patients and medical experts from the far corners of the earth.

From St. Mary's Hospital, a small town institution founded by their father, the brothers developed an organization that embraced six hospitals, skyscraper office and laboratory buildings and housing for thousands of patients and visitors.

Dr. William Worrall Mayo, father of the famous brothers, who died at the age of 90, was known as "the old doctor."

When the clinic formally was organized in 1912, it was designed to care for 14,000 patients a year. But in 1913 there were 24,000 registrants; in 1925 there were 62,000 and in 1938 an estimated 80,000. Counting patients, members of their families and scientists, it was estimated that more than 250,000 persons visited Rochester that year.

To establish the Mayo Foundation of Medical Education and Research the brothers gave \$1,500,000 in 1915 and subsequently increased the total grant to \$2,800,000. The foundation also shares in the income from the clinic.

In 1919 they formed the Mayo Properties Association, to hold all property and funds of the Mayo Clinic and insure the perpetuity of its work.

## Noted Surgeon Dead

## DR. CHARLES H. MAYO

His thousands of operations included more than 700 for cataracts of the eye, but he was skilled in all branches of his profession. He originated "the Mayo operation" for varicose veins, a technique which was used generally for 30 years until it was supplanted by the injection treatment for that malady. He originated too an operation for bunions, designed by a Rochester surgeon, which became standard 20 years ago, and evolved an operating table for St. Mary's Hospital which was widely copied.

Dr. Charles held military commissions ranging from First Lieutenant in 1913 to Brigadier-General, auxiliary, and the Eastern Mediterranean prize.

Col. Philibert Collet, French delegate to Hatay, was in Ankara to aid in the negotiations for the pact.

REVISED BUSINESS TAXES SUGGESTED BY MORGENTHAU Continued From Page One.

testified, operate "very erratically." Under the present law, he said, the capital stock tax is based upon a declared capital stock value which the taxpayer may revise every three years. The declared value the Treasury head continued, may be any figure that the taxpayer desires to submit regardless of the actual value of the stock. The excess profits tax applies to profits in excess of 10 per cent of such a declared value.

The tax liability these taxes impose, he said, depends on the taxpayer's ability to "forecast profits for the next three years as well as upon the amount of profits actually realized during each of the three years."

Forecasts of earnings, Morgenthau said, are particularly difficult to make in the case of new businesses and those with unstable incomes such as the capital goods industries, with the result that "taxes imposed on such businesses are at times inordinately high."

Questions of Tax Equity. Morgenthau said there was a third category of tax problems now being widely discussed which "raises questions of tax equity." He added the Treasury had already worked on those problems and suggested it co-operate with the committee in continuing the studies "possibly with a view to action at a later session."

An example, he said, was the limitation now placed on the deduction of corporation capital losses. Under the present law an excess of corporate capital losses over ordinary income only to the extent of \$200.

Essentially, the secretary said, to bear in mind that most of the suggestions he made would result in reductions in existing revenues and emphasized the importance of "not permitting the revenue producing power of the tax system to be reduced at this time."

"Accordingly," he said, "with the adoption of any such changes involving loss of revenue there should be associated revenue producing revisions. Although this problem is difficult, it is one that must be faced."

Lines of Guidance. "The taxes resorted to for replacing any lost revenues should have the least harmful effects on business and should contribute to greater equity. They should not change the relative distribution of the tax burden between the various groups of taxpayers and especially should not place additional burdens upon consumers."

Morgenthau said he did not consider that his broad suggestions constituted "an adequate program of tax revision."

"Such a program," he said, "can be developed only through long continued study and it can not be static but must be adapted to changing conditions. But the general lines along which Federal taxation should develop in the future appear to be quite clear."

"We ought to increase the part played by direct taxes that can be made to take account of differences in the abilities of individuals to support Government."

Capacity to Pay. "This means that we should endeavor to minimize the use of manufacturers' excises and other commodity taxes which tend to be shifted directly to consumers, putting the emphasis on taxes based on capacity to pay. Such revision would facilitate co-ordination of Federal with state and local taxes."

"In conclusion, permit me to say that one of the major tasks we have before us is to do everything we can to promote lasting business recovery. With this still uppermost in my mind I would like to repeat now with the same deep conviction what I said in November, 1937: 'The basic need today is to foster the

## FRANCE WORKING FOR TURKISH PACT MAY CEDE HATAY

Cabinet Meets for Two Hours—Signing of Ankara Agreement Is Expected This Week.

PARIS, May 27 (AP).—The Cabinet met for two hours today in a conference which Minister said was devoted almost entirely to the proposed French-Turkish mutual assistance agreement and the international situation in general.

Informed sources said they expected such an agreement, along the lines of the one reached between Great Britain and Turkey, would be signed next week.

They said the Cabinet approved the basic terms of which it expects the British, French and Soviet Russian Governments to reach a formal mutual assistance accord.

Premier Daladier summoned his Ministers to the theme of negotiations whereby France is expected to cede Turkey the strategic Hatay republic to gain the pact, perhaps by Tuesday.

Foreign sources understood that only the drawing up of satisfactory conditions guaranteeing the well-being of various minorities in Hatay, the former Sanjak of Alexandretta, which France had administered as a part of her Syrian mandate, stood between Turkey and the Eastern Mediterranean prize.

Col. Philibert Collet, French delegate to Hatay, was in Ankara to aid in the negotiations for the pact.

DEMURRERS ARE SUSTAINED IN SUIT OF BARNEY GROSBERG

Judge Murphy Rules Evidence Failed to Show Defendants Were Responsible for His Arrest.

Demurrers of all defendants in the \$500,000 damage suit of Barney Grosberg, proprietor of Barney Grosberg, Inc., alleging false arrest, were sustained yesterday by Circuit Judge David J. Murphy. The arrest occurred Dec. 12, 1932, and was in connection with a fire in May of that year in a warehouse at 917 Lucas avenue of Barney's Army and Department Stores.

Defendants in the suit were 17 fire insurance companies and three individuals. The case went to trial before a jury Monday. Judge Murphy ruled that the evidence had failed to show the defendants were responsible for the arrest of Grosberg, who was not prosecuted.

His counsel announced they would ask for a rehearing and in the meantime they took an involuntary non-suit in his behalf with permission to move to have it set aside. Similar suits by three other plaintiffs against the same defendants are pending.

SNITE TAKEN FROM IRON LUNG, PLACED IN WATER AT LOURDES

Infantile Paralysis Victim Remains Almost Half Hour in Bath Near Grotto.

LOURDES, France, May 27 (AP).—Fred B. Snite Jr. was lifted from the "iron lung" in which he had traveled 5000 miles and was immersed in the cold water of the Shrine of the Virgin of Lourdes today.

Snite, Chicago infantile paralysis victim, remained for almost half an hour in a bath next to the grotto in which the Virgin is worshipped. His decision to undergo the immersion was so sudden that neither his father nor mother was present.

Earlier the Rev. P. J. McArdle of Rochester, N. Y., celebrated mass in the grotto for Snite. The rector of the grotto gave Father McArdle special permission to celebrate the mass.

Snite began a week-long offering of prayer to the Virgin of Lourdes yesterday before the miracle shrine.

Liberty Legion Picnic June 10. A picnic which was to have been held tomorrow at Gray's Grove in Ferguson by the Liberty Legion of America, labor organization of Ford Motor Co. employees, will be held June 10 at Sylvan Beach, it was announced yesterday. Managers of the grove unexpectedly announced last week they had decided not to rent the grove for the outing.

Need for Co-ordination. Morgenthau early in his testimony suggested the need for having coordinating committees of the House and the Finance and Appropriations committees of the Senate meet each session as one joint committee on fiscal policy to consider the overall aspects of the expenditure and revenue programs.

Simplification and greater effectiveness would result, he declared, adding: "This committee," he said, "should have continuous life for the purpose of actively studying fiscal problems between as well as during sessions of Congress. The Treasury Department would, of course, co-operate in this work to the full extent that the committee desired."

## German Labor Shortage Acute, Women to Work

Pressing Need for Raw Materials, Economic Institute Says—Transportation 'Groaning'—Labor's Hours Are Lengthened.

BERLIN, May 27 (AP).—Germany's tremendous political and economic pace has placed a great strain on the nation's machinery, but the Reich has become "beyond question" the leading industrial nation of Europe, declared the semi-annual report of the Institute for Economic Inquiry, published today.

The report stated that the pressure of the industrial machine had brought the country face to face with an acute labor shortage, emphasized a "pressing need for raw materials," and added that the nation's transportation system was "groaning" under the burden.

The Institute suggested that to meet the need for ever more products and labor with which to manufacture them, Germany will have to require more work from women and press into service men now comparatively idle because of their inferior capacities.

In the first quarter of 1938, the Institute reported, about 20,000,000 were gainfully employed in "the old Reich"—Germany without Austria, the Sudetenland, Memel or the protectorate of Bohemia and Moravia.

Potato and sugar production were pronounced satisfactory, but last year's failure of the fruit crop created deficiencies which are being sorely felt today.

Doubling of Production Sought. Production of coal, pronounced important not only as a fuel but as a basic substance from which German industry has been forced to make countless synthetic substances, was increased only a little last year, but the institute commented that the directors of the four-year economic plan have taken pains to bring about a substantial increase in coal production in the immediate future.

"In general," the report said, "it may be estimated that already in 1938 industrial enterprise has produced more than seven billion marks (\$2,800,000,000) worth of raw materials in Germany, but to meet all needs the raw material production of the country must approximately double what it was in 1932."

But foreign trade suffered. "In the first quarter of 1939 exports of German industry were 1,028,000,000 marks (\$410,400,000) under the record of the previous year," said the report. "Prospects for development of foreign trade to be found naturally in Southeast Europe."

"The demands on German economy have increased to an extraordinary degree. Now, as previously, the needs of armament and development of the four-year plan play the decisive role."

German mines stepped up production to record figures. By extraordinary effort Germany managed to supply virtually her whole need for iron ore production was increased by two-thirds in two years. The tin supply more nearly covered domestic demand and the production of aluminum was increased.

AMERICAN SAILORS PREPARE TO TAKE BRIDES IN FRANCE

Twenty Seek Special Permission for Weddings Before Cruiser Omaha Sails.

VILLEFRANCHE, France, May 27 (AP).—Sailors aboard the United States cruiser Omaha urged French officials today to give permission to marry before leaving for home before the ship sails for home June 17.

Capt. Wallis Lind, commander of the Omaha, which has been here more than a year, sought to dissuade the men not to take on "additional anchors" at present.

"Think it over a lot first," was his advice. The French Mayor had to telephone the Ministry of Justice in Paris for special permission for the weddings. The sailors had to post 10-day banns.

Under French law, foreigners may not be married in France unless they have permits to reside in the country for more than a year. The American sailors had no such permits because they live aboard ship. Usually it takes months to get them, so special permission had to be sought prior to the posting of banns.

Weddings for which permission has been granted and which were likely to take place before the Omaha departs were: Charles Washington Briggs of Princeton, N. C., and Nancy Garidel; Stanley Lawrence Brothers of Free Water, Ore., and Catherine Madeline Epalou.

Among those awaiting word from Paris were: Richard Johnson of Woodstock, Vt., and Marie Perotti; Charles Arthur Watts of San Francisco and an unidentified Villefranche woman; Robert L. Lichten of Peoria, Ill., and Marian Lichten; Sherman Tait Johnson of Kent, Tex., and Inez Biagini.

SOVIET BUDGET APPROVED

Two Houses Approve \$7,727,000,000 Budget Expenditure.

## EAST SIDE ABANDONS BOYCOTT OF ST. LOUIS

Suggestion Made at Meeting City Might Retaliate in Coal Dispute.

Members of the Business, Community and Miners' Welfare Organization of Illinois abandoned their proposed boycott of St. Louis products at a meeting at the Belleville City Hall last night after it was suggested that St. Louis might retaliate.

Clarence G. Stiehl of Belleville, president of the organization which wants St. Louis to repeal provisions of its anti-smoke ordinance requiring washing of low grade coal and prohibiting sale of lumps larger than six inches, pointed out that Belleville stores and beer had a large market in St. Louis.

Stiehl told the 150 representatives of Southern Illinois coal mining communities that he was hopeful that negotiations with Thomas N. Dyrart, president of the St. Louis Chamber of Commerce, would result in an amicable settlement of differences over provisions of the anti-smoke ordinance.

Smoke Commissioner Raymond R. Tucker, in a prepared statement today, said he had not discussed the proposed boycott with Stiehl or any of his representatives. In reply to an inquiry by Dyrart, Tucker said he had given assurance that he would consider any recommendations which the Illinois Geological Survey might make as a result of its contemplated \$300,000 research program if the Illinois Geological Survey could prove definitely that washing coal did not reduce fly ash and sulphur, Tucker said, he would "seriously consider any recommendation they may make."

Tucker said he had discussed the boycott with Mayor Dickmann who "definitely stated that this form of pressure will never obtain any results as far as the City of St. Louis is concerned."

GREEK PRINCESS TO BE WED

King's Sister Engaged to Italian Duke of Spoleto.

ATHENS, Greece, May 27 (AP).—The engagement of Princess Irene of Greece and the Italian Duke of Spoleto was announced here yesterday. The Princess, 35 years old, is a sister of King George II of Greece. The Duke, 39, commander of the Italian Red Sea fleet, is a cousin of King Vittorio Emanuele III of Italy.

MURPHY REPORTS INCREASE IN ESPIONAGE IN PACIFIC

But Situation Around San Francisco and in Other Areas Is Now in Hand, He Says.

SAN FRANCISCO, May 27 (AP).—Espionage has increased tremendously in the last two years, especially around San Francisco, Honolulu and certain Alaskan areas, Attorney-General Frank Murphy said yesterday, but he told interviewers, "The Government has the situation well in hand and there is no cause for hysteria. We merely are being cautious."

Murphy arrived here by plane with J. Edgar Hoover, chief of the Federal Bureau of Investigation. He asserted one of his chief reasons for coming here was to get first-hand information on the espionage situation.

70,000 FASCIST WOMEN MEET

Mussolini to Review Procession in Rome Tomorrow.

ROME, May 27 (AP).—70,000 members of Fascist women's organizations from all corners of the Italian Kingdom and Empire gathered in Rome at Premier Mussolini's call for demonstrations of Italian womanhood tomorrow.

He will review the procession. Although no address is scheduled, he may speak.

BLIND SCHOOL GRADUATION

Three Receive Diplomas at Commencement Exercises.

Commencement exercises were held last night at the Missouri School for the Blind, 3815 Magnolia avenue. Diplomas were presented by Superintendent S. M. Green to Ruth Smith, Allen Crume and Henry Gerdt.

Ely E. Pilchik Becomes Rabbi.

## Thumbnail Reviews of New Movies

By Ellwood Douglass

ONLY ANGELS HAVE WINGS—And angels are scarce in Baranaka. But the men are muy hombre (Cary Grant, Thomas Mitchell, Richard Barthelmess) and the girl is Jean Arthur. Neat guitar music in background, fog and conflict all over the place. Also Gene Krupa's "Some Like It Hot." At the AM-BASSADOR.

THE GORILLA—Spooky stuff, and three of them are Ritz brothers. On the stage, Blackstone "saw a girl in half" with entertaining variations. And the magician is assisted by witches. At the FOX.

LUCKY NIGHT—A lot of star appeal—Myrna Loy and Robert Taylor—in practically no picture. Good support in "Streets of New York," Jackie Cooper and very young Martin Spelman. At LOEWS.

BULLDOG DRUMMOND'S SECRET POLICE—Wild and woolly and it kills itself. Ditto "Homicide Bureau." At the ST. LOUIS UNION PACIFIC—Still on the main line, with Al Jolson singing "Mammy" and Alice Faye singing "My Man" in "Rose of Washington Square," also in its third week here. At the MISSOURI.

## Good Business in the Bund

From the New York Post.

ONE of the driving forces behind the "shirt" movements in this country is that there is a profit in selling shirts. The German-American Bund and its affiliated corporations make their profits selling uniforms, jewelry and books. Commissioner Herlands' investigation of the Bund discloses a retail business of considerable size, operating, it appears, without paying sales taxes. (Nazis don't care much laws unless they are promulgated by Adolf.) One of the Bund's affiliated corporations declared to owe the city \$2586 in taxes and penalties, which would indicate a business of some size.

That calls to mind a historic parallel with the Bund's predecessor among American hate organizations, the Ku Klux Klan. Interesting that the Klan, too, was doing a retail trade, selling robes at \$6.50 each, members who had previously been sworn after paying the \$10 initiation fee. The Klan's driving force in the early '20s was Y. Clarke, a high pressure salesman who wanted to move merchandise. The Klan said to have done something like \$90,000 in business before the country got sick of it. That is not tin



## ST LOUIS POST

ST. LOUIS POST

# PART TWO

# CARDS

**GILL FACES**  
**TIGERS IN**

## TIGERS IN SECOND GAME

**SCORE BY INNINGS**

**SECOND GAMES.**

**BROWNS AT DETROIT**

T.      T.  
0 0  
DETROIT

**The Batting Order.**

<b>BROWNS.</b>	<b>TIGERS</b>
Thompson rf	McCosky cf
Gerardino 2b	Walker rf
McQuinn 1b	Gehringer 2b
Leag of	Greenberg 1b

York c  
Bell lf  
Kress ss  
Rogell 3b  
EISENSTAT P  
Umpires—Moriarty, Hubbard and  
Lommel,  
by a Special Correspondent of the  
Post-Dispatch.

DETROIT, May 27.—George Gill, another former Tiger, pitched for the Browns and against his old teammates in the second game of a doubleheader here this afternoon after Vernon Kennedy and Bill Trotter were beaten in the opener, 2 to 5. Harry Sisenstat was on the hill for Detroit in the nightcap.

Manager Fred Haney shifted his  
Louis batting order. John Ber-  
dino hit in second place and Mel-  
mon Mazzera was dropped to sixth.  
Bill Rogell stayed at third for De-  
pout with Ralph Kress back at  
short after Frank Croucher replaced  
him for two innings in the first con-  
test.  
A threat of rain was in the air

The teams went through the first inning. Rain held up the first nine 20 minutes. The attendance was estimated at 1,000.

The second game:

**FIRST INNING — BROWNS —**  
Shrager threw out Thompson.  
Cardino struck out. McQuinn  
walked. Hoag forced McQuinn.

**SECOND — BROWNS —** Clift  
is called out on strikes. Mazzera  
to Bell. Glenn popped to  
hringer.

**TIGERS MAKE  
18 HITS TO WIN  
OPENER 12 TO 5**

Special Correspondent of the  
Post-Dispatch.

opped the first game of the doubleheader, 12 to 5.

The Tigers decided the issue in the fifth when they blended two batters, Gehringer's double, an intentional pass to Greenberg and Ralph Kress' sacrifice fly into a three-run lead Thomas Bridges managed to hold.

Bridges was in trouble in every

Some sort of a record went to the Browns in the first and second innings. Rupert Thompson, first

In the first, hit a homer into the upper deck in right field. In the second, Bill Sullivan placed another homer within a few feet of the same spot. Those were two of the five hits the Browns had up the eighth. Kennedy lasted four and one-half innings and yielded 11 hits to the Tigers. Bill Trotter grant-

seven hits during his spell of  
y, but Kennedy's failure left  
a with little or salvage. He kept  
Tigers from going into a mara-  
on.

---

**EISSMULLER TO WED  
SOCIETY GIRL JULY 11**

NEW YORK, May 27 (AP). —  
 nny Weissmuller, the swim-  
 er, said today that he and Beryl  
 tt, San Francisco society girl,  
 set July 11 as their wedding  
 e. He said the wedding would  
 e place in New Jersey 24 hours  
 r his divorce decree from Lupe  
 ez, movie actress, becomes final.

This image shows a blank, aged, cream-colored page, likely an endpaper or flyleaf of a book. The paper has a slightly textured appearance with some faint smudges and discoloration, characteristic of old paper. The left edge of the page is bound, showing the stitching and the inner cover material. The overall tone is warm and slightly yellowed.























### BELIEVE IT OR NOT



**EBEN LANCASTER**  
Bowdoinham, Maine

**BORN 1799 - DIED 1901**

Eben Lancaster was born on Oct. 16, 1799, and because his birth was so close to the end of the century, he was privileged to live in three centuries, the 18th, 19th and 20th centuries. He died at Bowdoinham, Me., on Nov. 13, 1901, aged 102 years and 27 days.

Would be her fountain  
Till chill autumn came...  
And with this knowledge  
To sustain her through the present,  
There was that other  
Pleasant thought—  
She knew that her pappy,  
When he next bought  
A cake of tar-soap  
From Otis Hall to bathe  
His favorite hound,  
O! Steamboat, in the creek,  
Would also buy  
A pink, sweet-scented cake  
Of real store-soap for her!

**TODAY'S OPPORTUNITY.**  
(Personal—Sat. Review of Lit.)  
WANTED: (to borrow or to purchase) A photograph of a charabanc drawn by gray horses used for sightseeing in Paris during 1880-1889. Must be a charabanc, not omnibus. Please send particulars and price desired to W. H. White, 587 Fifth avenue, New York.

It will be quite a joke on Grover Whalen if the authentic World of Tomorrow takes on the general atmosphere of the smoking ruins of a municipal dump.

And when a man of the World of Tomorrow meets a man of the World of Yesterday it is never half way.

### By Ripley



**THE AMERICAN ROBIN**  
IS NOT A ROBIN  
IT IS A THRUSH

**Edward Higgins**  
SHAVED A MAN IN CHICAGO - A MAN IN CLEVELAND  
ANOTHER MAN IN WASHINGTON - AND ANOTHER MAN IN NEW YORK  
ALL IN THE SAME DAY

### TOMORROW'S HOROSCOPE

By Wynne

For Sunday, May 28.  
The week ahead has more rough spots in it than smooth ones; it will take all your control and sense of direction to make it worthy of you, so don't be careless. Today: Steer around depressing thoughts and give everyone a good break.

**Tomorrow's World.**

The world of tomorrow is going to put more stress on the power of thought than on the power of arms, the power of money, or the power of machines. We are rapidly coming to realize that objective power doesn't solve problems and that only human power does. Human power is in the mind and heart. Look within yourself for the seeds which you can cultivate for better conditions in the future.

**Your Year Ahead.**

Your year ahead, if born on this date, shows distinct promise of some kind of benefit if you try harder to a friend, especially June 4-Sept. 18 and Jan. 21-Feb. 21. Danger: May 29-July 31, and March 30-April 18, 1940.

**Tuesday.**

The other fellow's right needs recognition; caution in p. m. works.

### South's Error

#### In Not Playing For Suit Break

Loses Grand Slam Contract by Attempting to Finesse Trump Trick.

By Ely Culbertson

"DEAR Mr. Culbertson: The enclosed hand caused a great deal of argument between my partner and myself and also plenty of panning from the gallery."

"South, dealer."

"Both sides vulnerable."

♠K832

♥K9

♦A

♣AJ1065

♠K654

♥J73

♦10876

♣83

NORTH

WEST

EAST

SOUTH

The bidding went as follows:

South West North East

1 heart Pass 1 spade Pass

2 hearts Pass 3 clubs Pass

3 no trump Pass 4 no trump Pass

5 hearts Pass 7 hearts Pass

Pass Double Pass Pass

Pass

"West opened the club nine, declarer won and returned the deuce of trumps. West played the three spot and now comes the play in spade bid."

Well, at any rate, declarer figured that the only possible excuse for his double was that he held four trumps, including the jack and 10. (The only high missing honor in the hand, the spade king, hardly could influence his double inasmuch as it was under North's spade bid.)

Well, at any rate, declarer played dummy's nine of hearts and, when East won with the 10, the fight began.

"I was South, the declarer, and, although I don't claim to have played the hand perfectly, I argued to the last ditch that my reasoning and line of play were not bad bridges, but the result of a bad guess on the part of an opponent. My partner and I almost came to blows, and my wife, who was looking on, and several other good and near good players condemned me. All though there were eight or 10 to one against me, I still say, and until I hear from you will continue to say, that I wasn't radically wrong in playing this hand. So please settle this ruckus."

"E. T. Chicago."

I admire this correspondent's indomitable spirit against the eight or 10 to one odds, but I'm afraid that I can't back his judgment. He was wrong dead figure. It was all very well to figure that his left hand opponent, who had doubled, held four trumps to the J-10, but how could he imagine that, if that were the case, West would fail to put in the 10 on the lead toward bridge, but the result of a bad guess on the part of an opponent. My partner and I almost came to blows, and my wife, who was looking on, and several other good and near good players condemned me. All though there were eight or 10 to one against me, I still say, and until I hear from you will continue to say, that I wasn't radically wrong in playing this hand. So please settle this ruckus."

"E. T. Chicago."

I admire this correspondent's indomitable spirit against the eight or 10 to one odds, but I'm afraid that I can't back his judgment. He was wrong dead figure. It was all very well to figure that his left hand opponent, who had doubled, held four trumps to the J-10, but how could he imagine that, if that were the case, West would fail to put in the 10 on the lead toward bridge, but the result of a bad guess on the part of an opponent. My partner and I almost came to blows, and my wife, who was looking on, and several other good and near good players condemned me. All though there were eight or 10 to one against me, I still say, and until I hear from you will continue to say, that I wasn't radically wrong in playing this hand. So please settle this ruckus."

"E. T. Chicago."

I admire this correspondent's indomitable spirit against the eight or 10 to one odds, but I'm afraid that I can't back his judgment. He was wrong dead figure. It was all very well to figure that his left hand opponent, who had doubled, held four trumps to the J-10, but how could he imagine that, if that were the case, West would fail to put in the 10 on the lead toward bridge, but the result of a bad guess on the part of an opponent. My partner and I almost came to blows, and my wife, who was looking on, and several other good and near good players condemned me. All though there were eight or 10 to one against me, I still say, and until I hear from you will continue to say, that I wasn't radically wrong in playing this hand. So please settle this ruckus."

"E. T. Chicago."

I admire this correspondent's indomitable spirit against the eight or 10 to one odds, but I'm afraid that I can't back his judgment. He was wrong dead figure. It was all very well to figure that his left hand opponent, who had doubled, held four trumps to the J-10, but how could he imagine that, if that were the case, West would fail to put in the 10 on the lead toward bridge, but the result of a bad guess on the part of an opponent. My partner and I almost came to blows, and my wife, who was looking on, and several other good and near good players condemned me. All though there were eight or 10 to one against me, I still say, and until I hear from you will continue to say, that I wasn't radically wrong in playing this hand. So please settle this ruckus."

"E. T. Chicago."

I admire this correspondent's indomitable spirit against the eight or 10 to one odds, but I'm afraid that I can't back his judgment. He was wrong dead figure. It was all very well to figure that his left hand opponent, who had doubled, held four trumps to the J-10, but how could he imagine that, if that were the case, West would fail to put in the 10 on the lead toward bridge, but the result of a bad guess on the part of an opponent. My partner and I almost came to blows, and my wife, who was looking on, and several other good and near good players condemned me. All though there were eight or 10 to one against me, I still say, and until I hear from you will continue to say, that I wasn't radically wrong in playing this hand. So please settle this ruckus."

"E. T. Chicago."

I admire this correspondent's indomitable spirit against the eight or 10 to one odds, but I'm afraid that I can't back his judgment. He was wrong dead figure. It was all very well to figure that his left hand opponent, who had doubled, held four trumps to the J-10, but how could he imagine that, if that were the case, West would fail to put in the 10 on the lead toward bridge, but the result of a bad guess on the part of an opponent. My partner and I almost came to blows, and my wife, who was looking on, and several other good and near good players condemned me. All though there were eight or 10 to one against me, I still say, and until I hear from you will continue to say, that I wasn't radically wrong in playing this hand. So please settle this ruckus."

"E. T. Chicago."

I admire this correspondent's indomitable spirit against the eight or 10 to one odds, but I'm afraid that I can't back his judgment. He was wrong dead figure. It was all very well to figure that his left hand opponent, who had doubled, held four trumps to the J-10, but how could he imagine that, if that were the case, West would fail to put in the 10 on the lead toward bridge, but the result of a bad guess on the part of an opponent. My partner and I almost came to blows, and my wife, who was looking on, and several other good and near good players condemned me. All though there were eight or 10 to one against me, I still say, and until I hear from you will continue to say, that I wasn't radically wrong in playing this hand. So please settle this ruckus."

"E. T. Chicago."

I admire this correspondent's indomitable spirit against the eight or 10 to one odds, but I'm afraid that I can't back his judgment. He was wrong dead figure. It was all very well to figure that his left hand opponent, who had doubled, held four trumps to the J-10, but how could he imagine that, if that were the case, West would fail to put in the 10 on the lead toward bridge, but the result of a bad guess on the part of an opponent. My partner and I almost came to blows, and my wife, who was looking on, and several other good and near good players condemned me. All though there were eight or 10 to one against me, I still say, and until I hear from you will continue to say, that I wasn't radically wrong in playing this hand. So please settle this ruckus."

"E. T. Chicago."

I admire this correspondent's indomitable spirit against the eight or 10 to one odds, but I'm afraid that I can't back his judgment. He was wrong dead figure. It was all very well to figure that his left hand opponent, who had doubled, held four trumps to the J-10, but how could he imagine that, if that were the case, West would fail to put in the 10 on the lead toward bridge, but the result of a bad guess on the part of an opponent. My partner and I almost came to blows, and my wife, who was looking on, and several other good and near good players condemned me. All though there were eight or 10 to one against me, I still say, and until I hear from you will continue to say, that I wasn't radically wrong in playing this hand. So please settle this ruckus."

"E. T. Chicago."

I admire this correspondent's indomitable spirit against the eight or 10 to one odds, but I'm afraid that I can't back his judgment. He was wrong dead figure. It was all very well to figure that his left hand opponent, who had doubled, held four trumps to the J-10, but how could he imagine that, if that were the case, West would fail to put in the 10 on the lead toward bridge, but the result of a bad guess on the part of an opponent. My partner and I almost came to blows, and my wife, who was looking on, and several other good and near good players condemned me. All though there were eight or 10 to one against me, I still say, and until I hear from you will continue to say, that I wasn't radically wrong in playing this hand. So please settle this ruckus."

"E. T. Chicago."

I admire this correspondent's indomitable spirit against the eight or 10 to one odds, but I'm afraid that I can't back his judgment. He was wrong dead figure. It was all very well to figure that his left hand opponent, who had doubled, held four trumps to the J-10, but how could he imagine that, if that were the case, West would fail to put in the 10 on the lead toward bridge, but the result of a bad guess on the part of an opponent. My partner and I almost came to blows, and my wife, who was looking on, and several other good and near good players condemned me. All though there were eight or 10 to one against me, I still say, and until I hear from you will continue to say, that I wasn't radically wrong in playing this hand. So please settle this ruckus."

"E. T. Chicago."

I admire this correspondent's indomitable spirit against the eight or 10 to one odds, but I'm afraid that I can't back his judgment. He was wrong dead figure. It was all very well to figure that his left hand opponent, who had doubled, held four trumps to the J-10, but how could he imagine that, if that were the case, West would fail to put in the 10 on the lead toward bridge, but the result of a bad guess on the part of an opponent. My partner and I almost came to blows, and my wife, who was looking on, and several other good and near good players condemned me. All though there were eight or 10 to one against me, I still say, and until I hear from you will continue to say, that I wasn't radically wrong in playing this hand. So please settle this ruckus."

"E. T. Chicago."

I admire this correspondent's indomitable spirit against the eight or 10 to one odds, but I'm afraid that I can't back his judgment. He was wrong dead figure. It was all very well to figure that his left hand opponent, who had doubled, held four trumps to the J-10, but how could he imagine that, if that were the case, West would fail to put in the 10 on the lead toward bridge, but the result of a bad guess on the part of an opponent. My partner and I almost came to blows, and my wife, who was looking on, and several other good and near good players condemned me. All though there were eight or 10 to one against me, I still say, and until I hear from you will continue to say, that I wasn't radically wrong in playing this hand. So please settle this ruckus."

"E. T. Chicago."

I admire this correspondent's indomitable spirit against the eight or 10 to one odds, but I'm afraid that I can't back his judgment. He was wrong dead figure. It was all very well to figure that his left hand opponent, who had doubled, held four trumps to the J-10, but how could he imagine that, if that were the case, West would fail to put in the 10 on the lead toward bridge, but the result of a bad guess on the part of an opponent. My partner and I almost came to blows, and my wife, who was looking on, and several other good and near good players condemned me. All though there were eight or 10 to one against me, I still say, and until I hear from you will continue to say, that I wasn't radically wrong in playing this hand. So please settle this ruckus."

"E. T. Chicago."

I admire this correspondent's indomitable spirit against the eight or 10 to one odds, but I'm afraid that I can't back his judgment. He was wrong dead figure. It was all very well to figure that his left hand opponent, who had doubled, held four trumps to the J-10, but how could he imagine that, if that were the case, West would fail to put in the 10 on the lead toward bridge, but the result of a bad guess on the part of an opponent. My partner and I almost came to blows, and my wife, who was looking on, and several other good and near good players condemned me. All though there were eight or 10 to one against me, I still say, and until I hear from you will continue to say, that I wasn't radically wrong in playing this hand. So please settle this ruckus."

"E. T. Chicago."

I admire this correspondent's indomitable spirit against the eight or 10 to one odds, but I'm afraid that I can't back his judgment. He was wrong dead figure. It was all very well to figure that his left hand opponent, who had doubled, held four trumps to the J-10, but how could he imagine that, if that were the case, West would fail to put in the 10 on the lead toward bridge, but the result of a bad guess on the part of an opponent. My partner and I almost came to blows, and my wife, who was looking on, and several other good and near good players condemned me. All though there were eight or 10 to one against me, I still say, and until I hear from you will continue to say, that I wasn't radically wrong in playing this hand. So please settle this ruckus."

"E. T. Chicago."

I admire this correspondent's indomitable spirit against the eight or 10 to one odds, but I'm afraid that I can't back his judgment. He was wrong dead figure. It was all very well to figure that his left hand opponent, who had doubled, held four trumps to the J-10, but how could he imagine that, if that were the case, West would fail to put in the 10 on the lead toward bridge, but the result of a bad guess on the part of an opponent. My partner and I almost came to blows, and my wife, who was looking on, and several other good and near good players condemned me. All though there were eight or 10 to one against me, I still say, and until I hear from you will continue to say, that I wasn't radically wrong in playing this hand. So please settle this ruckus."

"E. T. Chicago."

I admire this correspondent's indomitable spirit against the eight or 10 to one odds, but I'm afraid that I can't back his judgment. He was wrong dead figure. It was all very well to figure that his left hand opponent, who had doubled, held four trumps to the J-10, but how could he imagine that, if that were the case, West would fail to put in the 10 on the lead toward bridge, but the result of a bad guess on the part of an opponent. My partner and I almost came to blows, and my wife, who was looking on, and several other good and near good players condemned me. All though there were eight or 10 to one against me, I still say, and until I hear from you will continue to say, that I wasn't radically wrong in playing this hand. So please settle this ruckus."

"E. T. Chicago."

I admire this correspondent's indomitable spirit against the eight or 10 to one odds, but I'm afraid that I can't back his judgment. He was wrong dead figure. It was all very well to figure that his left hand opponent, who had doubled, held four trumps to the J-10, but how could he imagine that, if that were the case, West would fail to put in the 10 on the lead toward bridge, but the result of a bad guess on the part of an opponent. My partner and I almost came to blows, and my wife, who was looking on, and several other good and near good players condemned me. All though there were eight or 10 to one against me, I still say, and until I hear from you will continue to say, that I wasn't radically wrong in playing this hand. So please settle this ruckus."

"E. T. Chicago."

I admire this correspondent's indomitable spirit against the eight or 10 to one odds, but I'm afraid that I can't back his judgment. He was wrong dead figure. It was all very well to figure that his left hand opponent, who had doubled, held four trumps to the J-10, but how could he imagine that, if that were the case, West would fail to put in the 10 on the lead toward bridge, but the result of a bad guess on the part of an opponent. My partner and I almost came to blows, and my wife, who was looking on, and several other good and near good players condemned me. All though there were eight or 10 to one against me, I still say, and until I hear from you will continue to say, that I wasn't radically wrong in playing this hand. So please settle this ruckus."

"E. T. Chicago."

I admire this correspondent's indomitable spirit against the eight or 10 to one odds, but I'm afraid that I can't back his judgment. He was wrong dead figure. It was all very well to figure that his left hand opponent, who had doubled, held four trumps to the J-10, but how could he imagine that, if that were the case, West would fail to put in the 10 on the lead toward bridge, but the result of a bad guess on the part of an opponent. My partner and I almost came to blows, and my wife, who was looking on, and several other good and near good players condemned me. All though there were eight or 10 to one against me, I still say, and until I hear from you will continue to say, that I wasn't radically wrong in playing this hand. So please settle this ruckus."

"E. T. Chicago."

I admire this correspondent's indomitable spirit against the eight or 10 to one odds, but I'm afraid that I can't back his judgment. He was wrong dead figure. It was all very well to figure that his left hand opponent, who had doubled, held four trumps to the J-10, but how could he imagine that, if that were the case, West would fail to put in the 10 on the lead toward bridge, but the result of a bad guess on the part of an opponent. My partner and I almost came to blows, and my wife, who was looking on, and several other good and near good players condemned me. All though there were eight or 10 to one against me, I still say, and until I hear from you will continue to say, that I wasn't radically wrong in playing this hand. So please settle this ruckus."

"E. T. Chicago."

I admire this correspondent's indomitable spirit against the eight or 10 to one odds, but I'm afraid that I can't back his judgment. He was wrong dead figure. It was all very well to figure that his left hand opponent, who had doubled, held four trumps to the J-10, but how could he imagine that, if that were the case, West would fail to put in the 10 on the lead toward bridge, but the result of a bad guess on the part of an opponent. My partner and I almost came to blows, and my wife, who was looking on, and several other good and near good players condemned me. All though there were eight or 10 to one against me, I still say, and until I hear from you will continue to say, that I wasn't radically wrong in playing this hand. So please settle this ruckus."

"E. T. Chicago."

I admire this correspondent's indomitable spirit against the eight or 10 to one odds, but I'm afraid that I can't back his judgment. He was wrong dead figure. It was all very well to figure that his left hand opponent, who had doubled, held four trumps to the J-10, but how could he imagine that, if that were the case, West would fail to put in the 10 on the lead toward bridge, but the result of a bad guess on the part of an opponent. My partner and I almost came to blows, and my wife, who was looking on, and several other good and near good players condemned me. All though there were eight or 10 to one against me, I still say, and until I hear from you will continue to say, that I wasn't radically wrong in playing this hand. So please settle this ruckus."

"E. T. Chicago."

I admire this correspondent's indomitable spirit against the eight or 10 to one odds, but I'm afraid that I can't back his judgment. He was wrong dead figure. It was all very well to figure that his left hand opponent, who had doubled, held four trumps to the J-10, but how could he imagine that, if that were the case, West would fail to put in the 10 on the lead toward bridge, but the result of a bad guess on the part of an opponent. My partner and I almost came to blows, and my wife, who was looking on, and several other good and near good players condemned me. All though there were eight or 10 to one against me, I still say, and until I hear from you will continue to say, that I wasn't radically wrong in playing this hand. So please settle this ruckus."

"E. T. Chicago."

I admire this correspondent's indomitable spirit against the eight or 10 to one odds, but I'm afraid that I can't back his judgment. He was wrong dead figure. It was all very well to figure that his left hand opponent, who had doubled, held four trumps to the J-10, but how could he imagine that, if that were the case, West would fail to put in the 10 on the lead toward bridge, but the result of a bad guess on the part of an opponent. My partner and I almost came to blows, and my wife, who was looking on, and several other good and near good players condemned me. All though there were eight or 10 to one against me, I still say, and until I hear from you will continue to say, that I wasn't radically wrong in playing this hand. So please settle this ruckus."

"E. T. Chicago."

### Tooenville Folks—By Fontaine Fox

(Copyright, 1934.)

OLE MAN SANDERS AND GRANPA WORTLE WENT AND GOT THEIR BEARDS TANGLED TOGETHER!



### Party Dresses

By Emily Post

Dear Mrs. Post:

WE live in a small neighborhood and my daughter goes to a small school. The graduating class will only be 12 in this year, and the junior class has 16. Now, for years it has been the custom for the juniors to give the seniors a banquet at a hotel in a neighborhood and a theater party afterwards. The girls always wear semi-formal dresses and the boys dark blue suits. This year they have a city teacher who says they should not wear the formal dresses. The girls and their mothers are up in arms over it for the girls dream on and plan these formal dresses all through school. The dresses are made over later for regular wear, but for once these farmers' daughters have been to a real party. As part of their regular home work, this teacher makes her class read your newspaper column every day and they are all very glad to see you then discuss in the class every day. So will you please discuss the question of whether it is, or is not, all right for the junior-senior girls to wear semi-formal dresses when the boys wear dark suits at the banquet and theater party?

Answer: Under the circumstances you describe, of course I say yes the girls may wear their party dresses. A boy (or a man either) can't show a girl a greater compliment than to wear the best he has, and I don't think you will find it is when men wear their best clothes is too lazy to go home and dress. When the girl he has invited to go out with him takes pains to dress for him, the least he can do is to wear clothes that are becoming to her. The smartest woman in the world who is wearing evening dress while the man she is with is wearing a business suit—a rough out of dress one at that!—looks over-trimmed and therefore in bad style.

Dear Mrs. Post: What is the difference between a "dinner dance" and a "dinner and dance," if any?

Answer: The terms are really interchangeable, although "dinner and dance" is more usually taken to mean dinner in one place followed by dancing elsewhere. The latter is the more formal of the two. A "dinner dance" could be the same, but on the other hand it could mean that people are all

seated at tables around the ballroom floor and that people dance between the courses at dinner and throughout the evening—always returning after dancing to their own tables.

Dear Mrs. Post: If a stranger is invited to the reception, should the reception be including many people outside of the families?

Answer: Since a "stranger" would not be singing except as a professional, she would not be invited to the reception. There is, of course, no reason why you may not invite her if you would like to—and if you have any reason to believe that she might like to come.

Dear Mrs. Post: At an afternoon wedding at the house, should the mother go without a hat the way she would wear one having a party in the late afternoon on any other day? May her dress be long in either case?

Answer: The mother should wear a hat because the marriage service is a ceremony no matter where it takes place. The dress may be of whichever length she prefers, but in my own personal opinion a long one is preferable.

Mrs. Post regrets that she can no longer answer letters. She has a rented slip on "What to Wear" and "How to Wear" and is glad to send it with your request. Will you enclose a Three-Cent Stamped Self-Addressed Envelope. Address Mrs. Post, care of this paper, P. O. Box 105, Times Square Station, New York, N. Y.

**Baked Salt Mackerel**

Try baking mackerel in milk and use if you do not relish the change. Soak the fish over night in water and in the morning drain. Dredge with flour, pepper and place in a baking pan, covering with sweet milk. Bake in the oven until the fish is tender. It will usually be just right when the milk is absorbed.

**Six "Brodes" a Day.**

"Steve Brodie" jumps not once but six times every day from a repudiated Brooklyn Bridge—famous from which the real "Steve" made a legendary leap decades ago—in the Amusement Area of the New York World's Fair.

**AT CLAYTON.**

Walter Klingemann — Rock Hill  
Ruth Dempsey — Pine Afton  
Lawrence C. Blair — Pine Afton  
Margaret Dunsen — Quincey  
Harold E. Blinn — Union, Mo.  
Cecilia Beifen — St. Clair, Mo.

**AT EAST ST. LOUIS.**

Nester Engel — East St. Louis  
Bernice Dyer — East St. Louis

**BIRTHS RECORDED.**

(If a birth does not appear in this column within two weeks the Health Department asks that parents request physician to report to the Bureau of Vital Statistics, 10 Municipal Court Building.)

**BOYS.**



Family Friend's Advice May Be Vexing to Child

Youngster Not Likely to Accept Counsel in Same Spirit as Parents.

By Angelo Patri

FAMILY friends are an institution that must, in time, be accepted by the group concerned. They may rub each other now and then, but that does not change the relationship. Frank criticism, loyal support, unselfish and understanding help are understood on both sides, expected and appreciated. The only really vexatious situation that is likely to arise, and to persist, is the children's unwillingness to accept the old family friends with the same feeling that their parents have. The friendships are a habit with the elders, but something quite outside the children's lives.

"Aunt" Ellen sees nothing questionable in her direct criticism of Charlie's new way of combing his hair. She speaks her mind about it. "Landsakes, what are you doing with your hair? It looks a fright. As if somebody had scared you out of a year's growth. What made you do such a thing? Didn't the girls laugh at you?"

"Uncle" Tom chuckles at sight of Charlie's bright hair. "See you're going up more. Who's going to wash the dishes in your family now?"

Worst of all is their calm interference in family affairs. Of course mother and dad think it is all right; invite it; need it. But to the children it is just too much, particularly when the old friends vote against them, which they are likely to do.

"No, no, I wouldn't advise his going away to college so long as we have such a good one right at home. He's better off at home, where he can get home nights and we can keep an eye on him."

That's the finish where the boys are concerned. He is long to get away from home and here is the old busybody keeping him home. He overlooks the fact that his father and mother were first to doubt the advisability of the out-of-town college. They wanted to keep him home, and "Uncle" agreed. "Uncle" gets the full weight of the boy's displeasure. The family friend and the family heads understand each other's points of view and, of course, agree. That usually leaves the children on the dissenter's bench.

These affairs might be managed with greater tact. Parents need the support of their old friends, but unless they resign themselves to some compromise, they will find old friends at sword's point, they must do a bit better in managing to keep the peace.

Why not hold these discussions in private, so the children do not hear them? The final decision may be opposite to the general trend of the talk and the children are stirred up for no purpose. And why quote "Uncle" and "Aunt" in the matter? When their opinion is against the children, quoting them is shaking a red flag in the bull's face. Let the decisions come directly from the heads of the family and that will spare the counselors.

It is very pleasant, and often profitable in many ways, for the children to share the affection and loyalty of old family friends. If this is to be preserved for them the friends will have to do the share toward wooing the children, and the family their share in protecting the friends from unnecessary blame.

IF YOU ASK My OPINION

By MARTHA CARR

Dear Mrs. Carr: I AM only 16 years old and a freshman in high school. I go to a girl's school and therefore have to make my friends among boys from other schools. I have read your booklet on popularity and it seemed to help me very much. But I would like to give some good advice to some other "beginners." I met a very nice boy who was a junior in high school; he seemed to like me and telephoned me every night. We went out every other week and we went together about three months. I never went with other boys and he did not go with other girls. Of course, in that way, I met no other boys; then, all of a sudden, he dropped me for a girl who would "neck," as they call it. Now I see my mistake in letting one boy monopolize me or "go steady."

I don't know many boys, but I do go out at least once a week and we girls who are brought up to be "nice" girls and to have some self-respect, do not get around like the other type. But, I certainly would rather stay home all the time than to get the reputation some of these "popular" girls have.

MISS BEGINNER.

Dear Mrs. Carr: CAN YOU TELL me what to do for ants around my rose bushes. They are in the ground. I have tried so hard to get rid of them. These miserable creatures work around the roots, till they kill the plant and then travel to the next one. I have lost a good many bushes already.

ROSE LOVER.

If you will consult the seed companies or the nurseries they probably will suggest a poison which is a syrup, placed on cardboard near the base of the bush. The ants carry this back to the dirt around the bush on their feet and so are destroyed. Probably, too, your roses need spraying.

Dear Mrs. Carr: WHERE CAN I send and get John Garfield's picture? He starred in "Blackwell's Island."

What day did Aug. 12, 1923, fall on?

E. B. G.

You can write Warner Brothers, Burbank, Cal., about John Garfield. The 12th of August, 1923, came on Sunday. These dates may all be found in the World Almanac of any issue in the last few years. The book shops and many of the drug stores sell them.

My dear Mrs. Carr: I CANNOT resist comment on the opinion of "Observer." One can easily see that she speaks before she thinks. Too many times, anyone divorced (especially male) is considered an outcast. However, I happen to be one of these. I do not care to mention whose fault this was; we are all, as it happens, subject to mistakes, and any two people who are married and just cannot plug it out are doing better to separate than to wreck two lives.

Hoping that "Observer," regardless of her religion, analyzes this subject more thoroughly and realizes that it takes two to make an argument, I am,

DIVORCED—MALE.

Dear Mrs. Carr: MY YOUNG SON has a hobby of saving match covers. He has heard from someone that, with a thousand different kinds he could get a bicycle; he has this number now, and more. Could you or one of your readers give me this information? I am sorry to say, I am not able to afford the luxury of a bicycle for him, but would like to surprise him on graduation in a few weeks. Thank you very kindly. MOTHER.

I do not know of this offer, but doubtless some of my correspondents can supply you with this information. You have no signed your name, and, as you know, I cannot print the names of business firms in the column; so you had better mail me self-addressed, stamped envelope in which I might send you the name in case someone sends it in.

TODAY'S PATTERNS



Pattern 4157 is available in women's sizes 34, 36, 38, 40, 42, 44, 46 and 48. Size 36 takes 4 1/2 yards 35-inch fabric.

Send FIFTEEN CENTS for this Pattern to Pattern Department, St. Louis Post-Dispatch, 243 West Seventeenth street, New York, N. Y. Additional TEN CENTS will bring you latest Pattern Book.

Ned Brant at Carter—By Bob Zuppke



Secrets in Love

By Phyllis Moore Gallagher

SIX months ago when Otto Nelson had told Hewitt Gill that his goddaughter had lost her parents in an automobile accident, that was coming up from Richmond to live with a spinster aunt in Georgetown and that she would work in his office, Hewitt had had no more interest in Peg Patterson than he did in Doris Murphy and Maizie Darton, which was virtually none. They were all just girls in the office, working for a living.

He had been a little surprised to discover, however, that the old man's goddaughter was slim and aristocratically beautiful and spoke with a voice that was odd, stirring, soft and Southern. But even more surprising was her influence over Otto Nelson.

Otto Nelson was hard-boiled, gruff, cold and undemonstrative. He never had married. He was set in his ways and at 70 was stubborn, unreasonable and often cantankerous. He was the devil to get along with in the office. And yet, in one of his very infrequent confidences, he had said with his face more gentle than Gill had ever remembered seeing it before: "If I have a weak spot for anyone in the world, it's Peg Patterson. Why ever since she was a little with long, fair pigtail and wide blue eyes that looked straight at you and made you feel that you weren't fit to live in the same world with her."

There had been a whole half-hour talk like that. But even then he had not expected that one day he would ask Peg Patterson to marry him. Even yesterday he had not thought that he would.

Night before last Hewitt had left the office early. At the door Nelson had told him that Peg wouldn't be able to see him, that she had resigned her position because she wasn't well. Mr. Nelson was worried about Peg. He had said: "I've got to go up to New York tonight. Gill, you look in on the kid first chance you get. Be sure that aunt of hers gets the right doctor to go over her." He had scribbled some names on a slip of paper. These doctors are all first-class. Give that slip to Peg. And tell her that if she doesn't have Peg back on her feet and in this office in less than a month, I'll... bah!"

He had stuffed the slip of paper in his pocket and had gone on out. He hadn't intended to take it to Peg. He would mail it, for he never intended to see Peg again. He had told himself, "I'm glad she quit. I'm well out of that." He had got in his car and had driven out into one of the beautiful suburbs. Had parked there in the shadows of the rambling, gracious house where he was so often entertained. Had looked at the acreage where he planned to build his own home some day. When the partnership was a sure thing and when people weren't so scared about business and political conditions.

If he had thought that would stop him from thinking of Peg, he had been very mistaken. After that day he gave up and drove back into town, a little too fast and more than a little recklessly. "Think about her all you please, you fool," he had thought bitterly. "But don't ever see her again."

He had pulled up in front of Thalia's home. He had been passing, he told Mrs. Polk, had heard the music and had been bold enough to come in. His charm cloaked the real rudeness of the thing he was doing and he knew it. Mrs. Polk had never liked him particularly. He was no more the match she had planned for Thalia than Peg was. He wanted some one like that Anthony Covington she was always prattling about. "Tony's sure to be an ambassador one of these days. Such a brilliant boy, my dear, so terribly handsome. Splendid family, too. Sons of the Cincinnati old Knickerbocker stock... that sort of thing."

Mrs. Polk had talked of Anthony and had wondered where on earth he was keeping himself; she had talked of Roosevelt and of the chances of a third term or a Republican administration. He had listened dutifully, sitting there on the sofa beside her, but not really hearing. He had just sat there looking around the spacious drawing room; with indirect lights, quite subdued, with shadows pale and dimpled on the Oriental rug. This was the background he had always seen for himself. Money plus culture plus family. Not an old family like Peg's, but branching from cavaliers and members of the House of Burgesses and Signers and certainly not eligible for the Dames', but old enough.

Thalia had walked up to the sofa, shattering his thoughts. She had taken his hand, had said: "Mother, darling, don't you know that this administration doesn't approve of monopolies, and that's precisely what you're doing." In the conservatory she had sat down on a sofa, making a place for him. She had still held his hand, touching first one finger and then another. She had said, rather softly, "Hewitt, you're different this time. Last year you asked me to marry you about six times each week. This year you haven't mentioned it."

The Deep Need Of Someone to Believe in Us

Every Derelict Hungers for It More Than Food or Money, Says Writer.

By Elsie Robinson

IF I were absolutely down and out and were given the chance to ask for just one thing, do you know what it would be? Now, mind you, this isn't a guessing game. I'm talking about real down-and-outers, such as I was once myself, and real need. Actual hunger and cold-rage and despair. If I were like that again do you know for what I'd ask?

Food? No. Lodging? No. Money. Guess again. Nor love though the need of that can know no crueler than starvation. But I'd pass even love up if I had but one wish to be granted, and I'd ask for something that every poor devil needs worse than anything on earth—

I'd ask that somebody might believe in me. I'd ask for somebody's faith.

A strange wish? You wouldn't think so if you'd ever been completely up against it. For there's the one thing that every derelict wants above everything else—the only thing that will keep him out of hell when everything else has failed. And the lower he gets—the more beaten and sordid he is—the more desperate that desire for somebody's faith, and the greater his bitterness if all faith is withheld.

A wild, dark hunger, that! I've seen it twitching in the thin cords of a dying woman's throat—seeping in slow tears from her sunken, staring eyes. I've watched it working in a convict's closed fist and in the eyes of a homeless man who has been really gay at all—if there was some one else.

He had said: "No, of course, there isn't, darling. There's never been any one but you." He'd said that last year, too. It had been true then. Futilely true, because she was only interested in him as some one who amused her, who kissed her as she wanted to be kissed when she wanted to. And now, suddenly, he knew that it was no longer true. He knew that some time during the summer he had wanted to know with a woman who would say a good word about him to old Otto Nelson, had begun to mean what he said. And he knew also that he was a fool. Because Thalia Polk was looking at him these days as she had never looked at him before.

He'd almost said: "Thalia, marry me, darling. I've asked you a thousand times. You've said no a thousand times. This time you'll say yes." But he hadn't.

NOW he was in a Georgetown kitchen with a small, fair girl in his arms. Kissing her. Talking about love. About marriage, because you couldn't talk about anything but marriage to a girl like Peg. If you could, everything would have been so much simpler. Peg was laughing a little as she stood back from him after that kiss. This was what she had hoped for, prayed for, and yet it was a moment too shining to be grasped. She hadn't answered Hewitt at once because she couldn't.

When she finally spoke, she said: "I thought you'd never ask me, darling. I thought you really didn't want me—after all."

They told Aunt Mehalee standing side by side in the living room. The little old lady sat back in her chair, aghast. She didn't say a word and Peg could almost feel her thoughts, darting around in her head like small frightened mice. Searching for something to say that would hide completely how she felt. Peg's blue eyes begged her aunt to know that she was all wrong about Hewitt, begged her not to spoil something that was so perfect, so completely beautiful that she could hardly believe it herself.

"We're going to be married in February or March," Peg said swiftly. "Right here in this house, Aunt Mehalee. There'll be a prelude to that arch with candles in tall silver holders behind the minister. That archway is almost identical with the one at Arlington House and Mary Curtis and Robert E. Lee stood under it for their marriage ceremony. I remember granddaddy was there that day. He told me all about it." Her voice rushed on excitedly. "I'll have Mary and Babs and Doris Ann up from Richmond for bridesmaids. Joan the maid of honor..."

It was not until she spoke Joan Covington's name that Peg remembered that Anthony was still in this room. Still standing over by the window. She turned and looked at him now. Saw the rigidity of his back, his face blank with the amazement of a man who has been struck without warning.

(Continued Monday.)

Doctor Terms Malaria Worst Of All Scourges

Tells How It Very Nearly Checked the Winning of the West.

By Logan Clendening, M. D.

THE greatest scourge the world has ever known is malaria. It has played a greater part in history than Napoleon, Alexander, Frederick the Great, Robert E. Lee and Hitler all put together. In the United States malaria almost checked the winning of the west. Those pioneers who went down the Ohio and the Mississippi and up the Missouri were laid low in droves and died by dozens with what was variously called everything from swamp fever and "shakes" to theague, or intermittent fever. If you want a vivid description of what they went through read the chapters in "Martin Chuzzlewit" which describe his attempt to settle in the region.

In all that region of the Mississippi, Ohio, Missouri river basin, malaria has practically disappeared. It still hangs on in Mississippi and Louisiana, but for most of us it is merely a name. But it still troubles conquerors. It hangs on the flanks of armies and makes itself felt. I have just been reading of the trouble that the Italian armies had with it in Ethiopia. It gave them more concern than the horsemen of Halle Selassie.

In the southern zone of activity during the Ethiopian campaign, conditions were "terribly malarial" the disease being absolutely general among the indigenous Somali population. With an Italian army of approximately half a million men there were 1241 cases of primary malaria admitted to the hospital and 1093 admissions for relapses, with 23 deaths from pernicious forms, including blackwater fever.

What were the preventive measures taken? Of course, the best prophylactic measure is to prevent mosquito bites. Since the dangerous mosquito comes out only at night, a good mosquito netting over the bed is enough to insure safety. But with troops continuous on the move and the area of operation being enormously extended, as in the case of the Italian army in Ethiopia, mosquito nets and anti-malarial measures were impossible. The method used was quinine prophylaxis. Every soldier received three tablets a day of quinine sulphate, each tablet containing three grains.

Discussion often arises as to whether this quinine prophylaxis method is effective. This experience proves that it is. Of course, to those of my readers who, from necessity or choice, are going to visit tropical countries, it is of interest only by way of comparison.

Peanut Butter Macaroons. Two egg whites, three-fourths cup sugar, one-fourth teaspoon almond extract, two cups corn flakes, one-third cup peanut butter. Beat egg whites until stiff, add sugar, flavoring and corn flakes. Then beat in peanut butter. Drop by spoonfuls onto well-greased baking sheets and bake in a moderate oven for about 20 minutes.

Speeding Prohibited. The speed limit for autos in Puerto Rican cities is 15 miles per hour. The limit for rural zones is 25 miles per hour.

Strawberry Chiffon Pie. One and one-half tablespoons gelatin, one-fourth cup cold water, three-fourths cup sugar, one-half cup whipping cream, one cup hot water, one and one-half cups crushed strawberries, one-fourth teaspoon salt. Soak gelatin in cold water. Melt sugar in boiling water. Add gelatin and stir until dissolved. Add crushed berries and salt. Cool and stir until it is slightly thickened, then whip cream and fold in. Turn into a cooked pastry shell and chill in the refrigerator until ready to serve.

Canned Peach Salad. Four halves canned peaches, one-half cup cream cheese, salad dressing, salt and paprika. Mix enough salad dressing with the cream cheese to make a smooth paste. Fill centers of canned peaches, sprinkle with salt and paprika and serve on crisp lettuce with French dressing served separately.

Private Lives—By Edwin Cox



Budding cartoonist is the first lady's debutante niece ELEANOR ROOSEVELT WHO ILLUSTRATES HER LETTERS WITH LIVELY CARICATURES OF HERSELF.

When Britishers want to describe the home life of the royal family, they tell us about KING GEORGE and QUEEN ELIZABETH WORKING TOGETHER ON CHAIR COVERS OF NEEDLEPOINT.

FOOTBALL TAUGHT BY EXPERTS. Boys who want to learn football from the "old masters" will have that opportunity in the Academy of Sport at the New York World's Fair, 1939. Free classes in every branch of the game, are to be taught during September and October of next year by such expert coaches and players as Jim Crowley of Fordham, Mal Stevens of Y. U., "Pop" Warner of Temple, Lou Little of Columbia, "Chick" Meade, Benny Friedman of C. C. N. Y., Larry Kelly of Peddie, Alexander Wojciechowski of the Detroit Lions and Marshall Goldberg of the University of Pittsburgh.



## Grin and Bear It—By Lichty

(Copyright, 1939.)



"I MIGHT HAVE MARRIED A DOZEN BETTER MEN THAN YOU — AND WHAT'S MORE—I'M GOING TO DO IT!"

## Sunflower Street—By Tom Little and Tom Sims

(Copyright, 1939.)



SAMPSON, WILLIE,  
PAP HENTY AND  
BUBBER

## Room and Board—By Gene Ahern

(Copyright, 1939.)

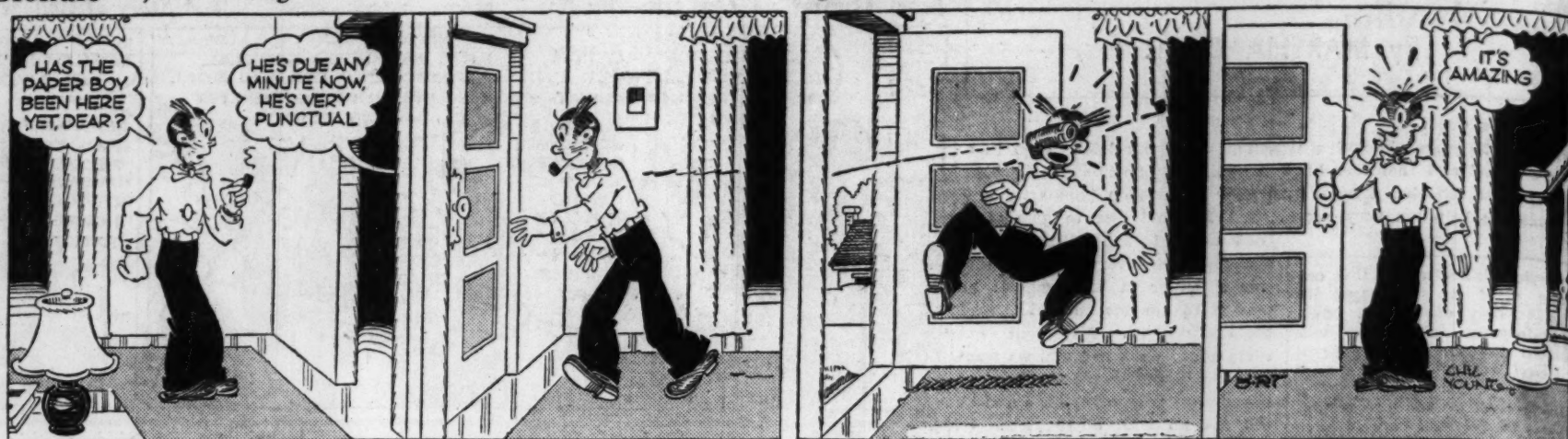


THE LANTERN  
JOB IS  
WIDE  
OPEN NOW

## Blondie—By Chic Young

Right on the Button!

(Copyright, 1939.)



## Popeye

"I'm No Angel!"

(Copyright, 1939.)



## Li'l Abner—By Al Capp

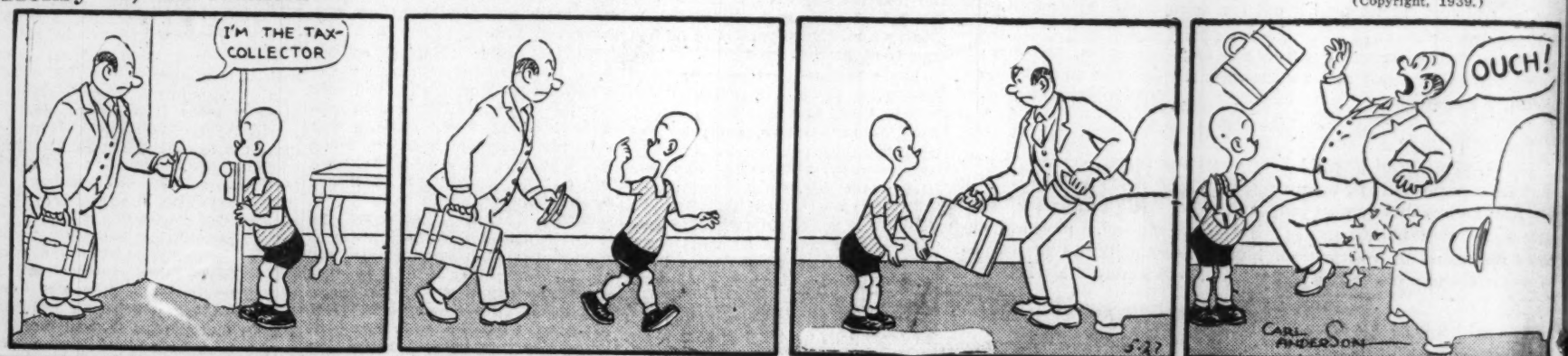
Where Is Lonesome Polecat?

(Copyright, 1939.)



## Henry—By Carl Anderson

(Copyright, 1939.)



## Big Chief Wahoo—By Saunders and Woggon

Drop Me a Line

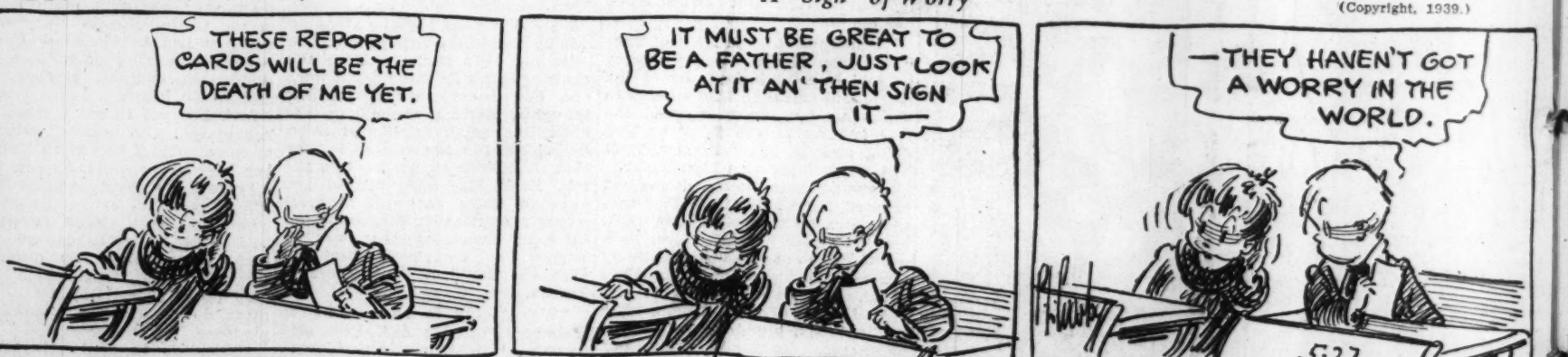
(Copyright, 1939.)



## Skippy—By Percy L. Crosby

A "Sigh" of Worry

(Copyright, 1939.)



## Jane Arden—By Monte Barrett and Russell Ross

(Copyright, 1939.)



## ON TODAY'S EDITORIAL

What Casey Fights For: Ed O'Malley: Editorial. More Blessed to Get! Francis in the American Scholar.

VOL. 91. No. 265.

## MORGENTHAU FOR 'RECOVERY' TAXES, BALANCED BUDGET

Undistributed Profits Levy Fails to Stop Evasion, He Says; Admits It Was a Mistake.

### SUGGESTS SURTAX EFFECTS BE STUDIED

States \$16,000,000,000 of Debt Is in Durable Improvements, \$3,324,000,000 Recoverable.

By RICHARD L. STOKES  
A Staff Correspondent of the Post-Dispatch.

WASHINGTON, May 27.—Testing before the House Ways and Means Committee, Secretary of the Treasury Morgenthau declared today that one of the major tasks of the administration is to promote lasting business recovery, and reaffirmed, "with the same deep conviction," a statement he made in November, 1937: "The basic need today is to foster the full application of the driving force of private capital. We want to see capital go into the productive channels of private industry. We want to see private business expand."

"Clearly," the Secretary added, "a fundamental objective of sound finance is a balanced budget." He stated that deficits are inevitable during a depression, but that their counterpart should be surpluses during years of prosperity. "If deficits are too long continued," he explained, "the depressive effects of uncertainty tend to make recovery more difficult."

Congress should consider, Morgenthau pronounced, whether present surtax rates on large incomes may not be so high as to discourage individuals subject to them from taking normal business risks.

**Undistributed Profits Tax.** The witness said that the undistributed profits tax produces little revenue and has small effect on business, but that the committee should deal with it because emotional criticism has given it prominence as a "psychological irritant." This tax has failed in its major object, declared the Secretary, which was to prevent personal income tax invasion through the retention of corporate earnings.

Morgenthau's suggestions briefly stated, were that the preservation of Democratic institutions over a long period of years required the following objectives: Promotion of free enterprise and private investment. Attainment of full business recovery.

Maintenance of public finances in a sound and unassailable position. Just distribution of tax burden and a more equitable distribution of national income.

He then made the declaration that "a fundamental objective of sound finance clearly is a balanced budget."

After his appearance before the committee, one of the Administration group engaged in borying from within on behalf of business appeasement made this jubilant comment: "At least we've got one foot inside the door."

**Questioned About Debt.** Since Morgenthau had stated that one of the serious problems is Federal-state conflicts with overlapping and competing taxes, he was questioned by Representative McCormack (Dem.), Massachusetts, as to the comparative increase in the two fields since 1931. The reply was that the increase of gross Federal debt, including estimates for the fiscal years 1939 and 1940, is \$28,273,000,000, while state and local debts, represented by bond issues, remained virtually stationary between 1931 and 1938, with a net increase of more than \$110,000,000. These debts, it was shown, have consistently averaged around 19 billion dollars.

Against the Federal debt, Morgenthau said, should be charged a 16 billion dollars in durable improvements and \$3,324,000,000 of recoverable outlays.

**He Admits Mistake.** When he rose to speak, Morgenthau was asked by Chairman Doughton to state his name, address and position. Morgenthau smiled broadly, upon which Doughton added in haste: "I guess the stenographer knows that." The Secretary refrained from identifying himself. He was attended by Under-Secretary Hanes and a dozen Treasury experts.

Congressman Treadway of Massachusetts, ranking Republican member of the committee, recalled that the undistributed profits tax was originally advocated by the Treasury, and was passed over opposition by the minority. Treadway aroused laughter by adding: "The majority is very happy to welcome the Secretary of the Treasury to our line of thought." Morgenthau acknowledged that a mistake had

Continued on Page 5, Column